Daily Report

Latin America

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FBIS-LAT-94-204 *26 October 1994*

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

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Honduras' Reina Inaugurates Central American Summit

PA2510144394 Tegucigalpa Radio and Televisions Networks in Spanish 1821 GMT 24 Oct 94

[Speech by Honduran President Carlos Roberto Reina Idiaquez at the International Conference on Peace and Development in Central America at the Honduras Maya Hotel in Tegucigalpa—live]

[FBIS Translated Text] Your Excellencies the Presidents of Central America, Mr. Secretary General of the OAS, Messrs. Members of the Honduran National Congress and Messrs. Vice Presidents, Mr. President of the Supreme Court of Justice, Messrs. Foreign Ministers, Messrs. Delegates, special guests, Ladies and Gentlemen:

Today is a holiday in Tegucigalpa. Today we are honored and pleased that the governments of friendly countries, international cooperation organizations, and the living forces of civil society are represented by their top representatives and leaders.

Allow me to act as the spokesman for my colleagues, the Central American presidents and Belizean prime minister, by extending to you a warm welcome to this big country that is the isthmus, and especially to this native soil, Honduras, which is mine and yours. [applause]

Today is a holiday for Honduras; gathered here today is the best that this unique and varied fatherland, which we call Central America, has to offer.

Here today is Prime Minister Esquivel from the Belizean fatherland, which extends like a bridge to the (?magic) of the Caribbean. Here today is Costa Rica's vice president from the Costa Rican fatherland, with its proverbial fragrance of freedom and democracy. From the Salvadoran fatherland comes President Calderon Sol, representing the determination and imagination of a people who always press forward with tenacity. Here today is President De Leon Carpio from the Guatemalan fatherland, which is characterized by the multicolored charm of its cultures, which has as much history as it has future, a future of peace, which fortunately it is achieving.

Here also is Madame President Dona Violeta Barrios de Chamorro, from the Nicaraguan fatherland, Dario's generous fatherland, the fatherland of heroic deeds, lakes, and dreams. Here today is President Perez Balladares from the Panamanian fatherland, the enterprising, seafaring fatherland, which has always been open to the entire world. Also present is my Honduras, a fatherland that has the flavor of the Mayas, of pines, and of the sister countries with which it shares the heritage of Francisco Morazan.

Today is a festive day in Central America. Today we are welcoming the world as we speak one voice. We will be able to talk openly today and tomorrow, without any doubts, because the old wounds have already healed and because the old suspicions have already dissipated. Today our governments, our regionally organized civil society, our neighbors, and our friends from everywhere are meeting here to search, add, and build, because the victory of dogma, confusion, and destruction have already irrevocably expired.

Ladies and gentlemen representing the international community, we Central Americans know we are not alone; we know the entire world is again looking at this isthmus. The only difference this time is that the world is not looking at the greedy sparkle of the prospectors for gold or at the opaque hues of those who came here at other times to profit from our hunger. There no longer is the sincere compassion, the paralyzing agony, or the flash of remorse of those two decades that all of us helped make bleak by shedding the blood of our brothers. This time the eyes of the world are gleaming with expectation and witnessing a rebirth. There is a spark in the eyes of those willing to celebrate; there is a resolve to bet on Central America as the new world seedbed of liberty, democracy, peace, and development.

Ladies and gentlemen representing the international community, rest assured that this is a winning bet. This international conference is the completion of a multiple liaison. We kept the appointment agreed on by the governments on 29 October 1993 at the 14th Regular Presidents Meeting held in Guatemala City. This is an appointment to improve the new regional agenda, consummating a plan of action comprising the agreements of the 15th Guacimo Meeting, the Masaya Volcano commitments, and the Alliance for Sustainable Development we signed in Managua. Today we are keeping an appointment with the world, an appointment to present to the community of nations the new face and the new voice of Central America. It is a face of peace, freedom, and perseverance. It is a voice of dignity and solidarity embracing principles and values instead of assumptions or interests. We are keeping an appointment with history, stressing the common ground between the agenda of the new Central America and the agenda of the new century, a century of globalization and the promise of countless opportunities. It is a century of democracy, pluralism, and immeasurable freedom for mankind. Today we are keeping an appointment with the many peoples living in this region of America. An appointment to tell each woman and each man on the isthmus that together hope is possible. That hope lies in our own efforts and in our own sense of social justice, supported by the most influential nations' sense of moral responsibility.

This international conference of peace and development is also a reflection point and an inflection point. Gentlemen and Lady Presidents, Mr. Prime Minister, somewhat in the manner of (?Macado) we made our way gradually as we went along. From Esquipulas II to the peace and reconciliation agreements, to the economic summit in Antigua, the social summit in Tegucigalpa, the agricultural summit in Panama, the ecological summit in Managua, and beyond these, to the upcoming Summit of the Americas, where our agenda will converge with that of the rest of the continent.

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There we will see the progression and enrichment of one conceptual line that deserves to be emphasized on this memorable date with the world. It is, to use the words we chose in Guatemala City, a matter of completing our passage from confrontation to concerted effort and from a state of emergence to development; from cease-fires in almost all of our countries to the consensual construction of solid and lasting peace; from programs of economic adjustment and stabilization to a full strategy of sustainable development that will truly deal with poverty, respect the environment, and efficiently insert us into the new global economy.

In the few years that have transpired since Esquipulas, the Central American people have learned that the ethical and intelligent thing to do is not to win but to convince. We have restored, safeguarded, and renewed political democracy in each of our countries. We have gradually returned our states to their citizens through a process of decentralizing and strengthening local governments. We have seen civil society and its organizations flourish as the leading factors that they are in all forms of peace and development.

We have gradually recovered our macroeconomic balance, we have turned the corner of reactivation, we have gradually adjusted our institutions and our policies to the demands of a globalized world and—something which is no less important—we have reopened the path of solidary integration between our peoples and our markets. It is such a notable balance that, to be quite honest, it has not been equaled in any other continent or region of the world. Nevertheless, we can scarcely see on the horizon the line between convalescing and taking off toward a society free of violence, corruption, and hunger, which we Central Americans deserve and demand.

This International Conference on Peace and Development is inspired by and points toward our own well-discussed, complete, and updated vision of the conditions and requirements whereby we will at last achieve that takeoff.

This is a mission of our own, because this is not a reaction to the onslaught of outside adversities but a calm consideration of our experiences and hopes, deciding both the type of Central America that we want and the adequate instruments we have to use to construct it. It is a mission based on dialogue, because voices can be heard now that they are not obscured by the din of fighting, now when we will hand over the conclusions of this conference to the enriching scrutiny, creativity, and multiple examination of the international community and civil society. Integrated mission because, as the Guacimo Declaration says, it involves political, economic, social, and ecological issues because it is based on an ethical concept of human dignity and the public servant's duties, because it knows that democracy is impossible without economic growth, and growth is impossible without investing in people, and the people's existence will be impossible if we insist on our insane war against nature. It is an updated mission, because the 20th century, which started in 1914, ended in 1989.

Thus, Gentlemen Presidents, Mr. Prime Minister, and special guests, here we are, drafting a Central American navigation chart for a newly born century and millenium. This 21st century is simply the century of mankind. Man is indeed seriously considering the often-quoted concept that the true wealth of a country does not lie in the things it possesses but in its people. Truly, peace cannot emerge from things. Peace emerges from people's lucidity. Things cannot develop any economy. Economic growth is possible only through the intelligent work of men and women. Neither can things guarantee democracy. There is democracy only where there is a people determined to exercise power. Things cannot produce well-being or social harmony. Only everyone's freedom and justice for everyone can lead to freedom and justice. Things cannot make development sustainable. Only man's educated love for his children can stop the looting of the universe.

Ladies and gentlemen. The century that will soon begin is the century of man's freedom. It will only be possible to govern free men and women. This is why the subject of governability is the center of our attention. This is why [22-second break in reception] the honesty of governors. From the four cardinal points, from Italy to Brazil, from Japan and the center of America, a formidable wind of indignation against the corrupt is blowing. It is the moral revolution, this struggle in which we are making great progress, but to which the control organizations in civil society will have to make a deeper commitment. Only by working together can we prevent the alleged administrator of a state from taking possession of what belongs to everyone. Honesty is a condition for efficiency, a position that facilitates negotiations, results, and total quality in these years of globalization, which have been described as the government's reinvention. A community of free citizens is a democracy and is the path down which each of our countries fortunately walks.

But we still have a long way to go before we can perfect democracy, particularly representative democracy, before we can move to participative democracy, and finally attain organic democracy, which entails complete honesty of electoral processes, modernization of parties so they best represent citizens, and organized participation of communities and civil society in the various levels and spheres of public administration. Consequently, we will have to undertake the urgent construction of an economic democracy and a social democracy in this center of America. No democracy is true or can truly be lasting without the democratization of markets and opportunities. This is why our most pressing demand is modernization of the state. Outside pressure and economic efficiency should not be a mere pretext for the theft represented by monopolies and the even more exclusionary concentration of revenue. It should be translated, and soon, into millions of productive jobs, which are the reason for being and support genuine and authentic democracies.

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With the end of the armed conflict nearing in Guatemala, Central America will have concluded the pact of peace. We must now perfect the pact of governability, the agreement between good governments and free citizens so that the law can regain importance. This will permit us to end impunity, which has affected us so much, and increase respect and admiration for institutions. That law, fulfilled, and these institutions are the indispensable tools to undertake and lead our option for sustainable and integral human development.

Messrs. Representatives of the international community, ours is an option for the future. We, like you, are residents of the global community. Like you, we know how to appreciate and thank generosity. But like you, we feel deep down inside that justice must come first. Justice is opening up markets to our agricultural and manufactured exports, as we have done. Justice is allowing the global mobility of investment, technology, transnational corporations, and even speculative capital, barring one single production factor: the labor that comes from our countries.

Justice is asking that the exports from the North to the South meet environmental criteria identical to exports from the North to the North. Justice is demanding that the large economies correct their [word indistinct] trade, monetary, and fiscal imbalances, for which we also pay. They should apply adjustment and stabilization programs as austere as those we have been forced to implement. They should at least coordinate their economic policies, even if each country must yield something.

Whether in the global village or in Hemingway's village, we need not ask for whom the bell tolls. Justice in the South is now more than ever a necessary condition for peace in the North. We Central Americans do not deny our own serious historic responsibility. We are not ignorant of the proportions of the efforts we must still make. We must complete the task of organizing the economic aggregates; we need to better distribute the load so that abundant times can come for the people below and not just for those who are above. We need to diversify our production, because we are well aware of the cost of depending on one or two export products. We need a more hospitable and stable investment atmosphere to stimulate private initiative and provide investors with better infrastructure. We need to raise productivity and boost our enterprises' competitive efficiency. Most of all, we need our workers to be better fed, better educated, better trained, better organized, better motivated, and better paid.

These are challenges that the Central American nations do not want to face independently, because history has taught us that we cannot do so. This is why we work harder at the solidary integration of our economies, our societies, and aspirations, while we learn from the successes and failures of this process in the past. This is why we have agreed to negotiate together at all international economic forums; we have begun to define the scope of our institutions and agencies; and we are streamlining the procedures to effectively follow the progress of our agreements. This is why Central America will show one face and speak with one voice to the world at this conference.

These are the voices and the faces of trust. We trust, as I said to the UN General Assembly, that our quarter million dead, which was our Dantesque contribution to the senseless Cold War, will stimulate the moral sense of those who helped us destroy ourselves. We trust ourselves, and we trust our simple, honest, and hard-working people, because they have proven time and time again that they grow in the face of difficulty and become giants in hope. We Central Americans have a dream. It is stated in Ecclesiastes: A people with a dream shall never succumb, and as Pope John Paul II said, in the message he so gracefully addressed to us at this conference: We trust in the Lord's protection and that He might grant the peoples of Central America the gift of lasting peace with justice and restful coexistence.

I thank you, Mr. Presidents, Madame President, Mr. Prime Minister, dignitaries and representatives of friendly nations and international cooperation organizations, special guests, and regional representatives of our society for your priceless support. Likewise, I thank the United Nations, OAS, and the governments and regional organizations for organizing this event. It is an honor and a pleasure to declare this International Conference on Peace and Development in Central America officially open. Thank you very much. [applause]

Southern Cone Interparliamentary Conference Ends

PY2510224994 Buenos Aires TELAM in Spanish 0603 GMT 23 Oct 94

[FBIS Translated Text] San Salvador de Jujuy, 23 Oct (TELAM)—The Second Interparliamentary and Entrepreneurial Conference of Latin American Southern Cone Countries has concluded after four days of discussions. Delegations from Argentina, Chile, Bolivia, Peru, and Brazil participated in the conference.

The conclusions include guidelines that will be reviewed for their implementation as "a Southern Cone entrepreneurial strategy for the next decade" linked to Mercosur [Common Market of the South] and to new language on regional integration.

Significant progress was also achieved in tourism development, coordination of data banks for trade enhancement, and drawing up energy, transportation, and communications projects to promote the integration of the Latin American Southern Cone.

A special chapter was designed for legal, administrative, and technical issues that are currently limiting regional

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integration, so as to achieve the required regional and border accords to overcome these issues.

A few minutes after the Laguna del Desierto award was announced, Alfredo Garcia Castelblanco, the Chilean general consul for Tucuman, Salta, and Jujuy, who was specially invited to the conference, did not hesitate in announcing that "Chile will continue to work with Argentina in the pursuit of integration."

Jujuy Congress President Fernando Pacifico Arnedo, who was deeply engaged in the conference, announced: "Congresses will be pursued in each region to achieve an eagerly awaited regional integration that will mutually benefit our nations."

Deputy Horacio Macedo (PJ-Jujuy) [Justicialist Party-Jujuy Province], the pro-tempore secretary and coordinator for invitations to the Chamber of Deputies and Senate, emphasized the "large number of participants in the conference."

The discussions began on 19 October and ended on 22 October, when the participants were invited to a mini-tour through well-known sights of natural beauty that abound in this province.

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Cuba

Migration Talks With U.S. Continue in Havana

Alarcon, Hays View First Round

PA2510130694 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Oct 94

[Report by Mario Munoz on an interview with Ricardo Alarcon, head of the Cuban delegation to migration talks with the United States, with unidentified reporters in Havana on 24 October; from the "Evening Information Review" newscast]

[FBIS Translated Text] Today in Havana Cuba and the United States resumed talks to review compliance with the immigration agreement signed on 9 September in New York. At the conclusion of the first meeting, Ricardo Alarcon, head of the Cuban delegation, gave details to the media.

[Begin recording] [Alarcon] [Words indistinct] it has been professional and constructive. We are just beginning; this was the first meeting, and I would call it a preliminary exchange. In coming days, it will be necessary to study each one of the topics in depth.

[Reporter] What is the agenda?

[Alarcon] The agenda is the 9 September agreement in all its dimensions and implications.

[Reporter] [Words indistinct] said at the airport that had nothing to do with the talks?

[Alarcon] Cuba has brought this up.

[Reporter] [Words indistinct] stopping of monetary remittances to Cuba, and reduction in the number of flights?

[Alarcon] These have a lot to do with the agreement, and the immigration issue is as important as the air we breathe.

[Reporter] Then Cuba has mentioned this topic?

[Alarcon] Of course. We believe that immigration involves not only a visa stamped in a passport. Immigration cannot take place if flights and financial exchanges are not allowed. There should be no obstacles if the real intention is to have a normal, legal, and organized flow of immigration.

[Reporter] Will you reach an agreement on the issue of the excludables in this meeting, since it was left pending in the other meeting?

[Alarcon] The issue of the excludables is mentioned in the 9 September communique. Cuba has scrupulously complied with the 1984 agreement. All the excludables who could be returned to Cuba have been received. Cuba [words indistinct].

[Reporter] It is said a group of people will travel on a weekly basis. Is that true? Does the Cuban side confirm this?

[Unidentified male speaker] Starting this week... [pauses] starting 1 November. That will be handled this week.

[Unidentified female speaker] They will be handled much faster, faster than in previous weeks.

[Reporter] Is this confirmed?

[Alarcon] I think it is (?logical). What I have read, what they have published, is that someone in the U.S. Interests Office said they will soon be able to step up the pace to process about 500 applications. This does not exactly mean they will be granted.

[Reporter] Would this pace be satisfactory to Cuba?

[Alarcon] Well, if we make calculations, this is a pace [words indistinct] what has been agreed.

[Reporter] The United States [words indistinct] accept children and old people on the Guantanamo Base. This is a unilateral decision. Has it been discussed by the [words indistinct]?

[Alarcon] I will not (?explain) all the details of what we are discussing. I believe this is a basic courtesy, meaning not to reveal here what we are discussing in there. We believe that this issue, meaning the so-called humanitarian issues... [pauses] That is one issue, but it is not the only one. People should be able to contact their relatives; their relatives should know who they are, where they are, and how they are. This should also be taken into account. This should be settled as part of an agreement between two sovereign states rather than through unilateral decisions [words indistinct]. [end recording]

At the conclusion of the meeting, Dennis Hays, head of the U.S. delegation to the talks, did not make statements to the media. Nevertheless, upon his arrival in Havana he revealed his country's goals in this meeting.

[Begin Hays recording, in English with superimposed translation into Spanish] As you know, 45 days have passed since the agreement was signed in New York. We agreed we would meet again to review what the two sides have done to implement the program. We expect to examine in the next two days the implementation of this agreement, and to analyze the areas in which the two parties consider is necessary to work some more. [end recording]

Referring to the possibility of discussing other topics, Hays said:

[Begin Hays recording, in English with superimposed translation into Spanish] One of the things you want to do here is to assure the amount of work that we have done on our side toward meeting the pledge of granting 20,000 visas for legal immigrants in one year. Some of

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you may know that a group of people arrived in Havana last week—I believe 10 additional officials—and we expect to start interviewing people more quickly this week. We are here to review compliance with the 9 September agreements. Therefore, we will only study the issues included in the agreement. Nothing else. [end recording]

Referring to the possibility that the United States may lift the sanctions imposed by President Bill Clinton on 20 August, Dennis Hays said:

[Begin Hays recording, in English with superimposed translation into Spanish] We are here to discuss various deals, specifically dealing with migration. Additional sanctions are not directly related to migration issues. Therefore, they will not be discussed this time. [end recording]

Regarding the importance of the talks, which will possibly last between two and three days, the U.S. official emphasized:

[Begin Hays recording, in English with superimposed translation into Spanish] I think what we are going to do is work with what each side has done because there is a relation between what the Cuban side and the U.S. side are doing. We are both interested in legal and orderly emigration. That is what we are trying to achieve. [end recording]

Asked about the need to talk about the blockade that the United States maintains against Cuba, the U.S. official explained:

[Begin Hays recording, in English with superimposed translation into Spanish] On migration, as you know, we have had talks. These are migration talks. Therefore, we will only talk about migration issues. [end recording]

This was Dennis Hays, head of the U.S. State Department's Office of Cuban Affairs.

Cuba participates in this meeting after fulfilling all its pledges, while the United States participates with the pledge to do likewise—although results are few at this moment.

Second Round Expected To Continue

FL2510171094 Havana Radio Reloj Network in Spanish 1502 GMT 25 Oct 94

[FBIS Translated Text] The Cuba-U.S. talks over migration issues continue today behind closed doors in Havana. This second round of talks is expected to continue at least through 26 October.

Ricardo Alarcon, chief of the Cuban delegation and president of the National Assembly of the People's Government, characterized yesterday's meetings as professional and constructive. Both Alarcon and his main interlocutor in the talks, Dennis Hays, chief of the Cuban Affairs Office of the undersecretary of State for Interamerican Affairs, stated that the talks would continue through at least 26 October.

The topics of discussion on the meeting's agenda are diverse. While the United States insists on limiting discussion to migration issues, Cuba maintains that appropriate execution of the agreement requires dealing with matters that are directly or indirectly related to the blockade.

Delegation Spokesman: Talks 'Going Well'

FL2610041294 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The second round of U.S.-Cuban migration talks was held at the Havana Convention Center on 25 October. The delegations, headed by Ricardo Alarcon and Dennis Hays, studied progress on compliance with the agreement reached in New York on 9 September. Carlos Fernandez de Cossio, a spokesman for the Cuban delegation, explained how the meeting is progressing:

[Begin Fernandez recording] We are trying to study the 9 September agreement in its entirety one step at a time. You must understand that the agreement involves very complex and interrelated elements and that the discussion is taking time. However, the talks are going well. There is a respectful and open disposition in the discussions, which is very important. We are making progress. [end recording]

The United States agreed in September to, among other things, issue no less than 20,000 visas annually to Cubans wanting to emigrate. Cuba agreed to discourage illegal departures. Cuban authorities believe that they have held up their end of the agreement, while the United States has yet to take care of the organizational stage of the program:

[Begin Fernandez recording] It is difficult to assess the progress, but we can say that there is dialogue, respect, and intent to continue fulfilling the terms of the agreement. Both sides have expressed the desire to ensure compliance with the agreement. [end recording]

Reporters must wait many hours for fresh news. The rumors that are being spread make the negotiations out to be bigger and more complicated than they really are, considering that both parts have reiterated that they are only discussing migration issues. Hays said upon arriving in Cuba that no other issues are on the agenda.

Cuba believes that the way to solve the migration issue is through discussion of the basic problems, namely the blockade and the additional restrictive measures the United States imposed two months ago.

[Havana Radio Rebelde Network in Spanish at 0000 GMT on 26 October reports during its regularly scheduled "Exclusive" program that the negotiations continue. Radio Rebelde then carries a brief recording of

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remarks by Alarcon. Alarcon refuses to give any details on the talks, only saying that the talks are "progressing" and that they will continue on 26 October]

Visas, Rafters Discussed

PA2610030194 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Oct 94

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The U.S. and Cuban delegations that are meeting to study the compliance with the migration agreement, which was signed by both countries in New York last September, continued their talks in Havana this Tuesday [25 October].

Sources close to the meeting, which started yesterday, said one of the issues being discussed is the pace with which the visas will be granted by the U.S. Interest Office in Havana. Dennis Hays, the chief of the U.S. delegation, announced that his country will speed the processing of the visas to be able to reach the minimum 20,000 a year that was stipulated in the migratory agreement.

Another issue being discussed at the meeting is the situation of the illegal Cuba migrants who are being held at U.S. military bases in the Panama Canal area and Guantanamo in eastern Cuba. The Cuban delegation has asserted that any solution to this problem must be the result of a joint decision between the two governments.

On 20 August, the U.S. Government limited the number of flights to Cuba and the sending of cash remittances by Cubans emigrants who live in the United States to their relatives on the island. The Washington delegation contends that this issue should not be included in the migration agreement talks. Adopting the opposite position, the Cuban negotiating team believes there will be serious difficulties in guaranteeing the regular and orderly flow of migration from the island without economic and transportation facilities.

Second Round Ends; Alarcon, Hays Comment

PA2610043894 Havana PRENSA LATINA in Spanish 0303 GMT 26 Oct 94

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 26 Oct (PL)—The Cuban and U.S. delegations today progressed toward a final document as the result of the talks being held in this capital on the fulfillment of the migration agreements.

The working session, which lasted the entire day, closed at about 2100 hours (0100 GMT). At the end of the session, Ricardo Alarcon, head of the Cuban delegation, described the talks as intensive, professional, serious, and constructive.

In addition, Dennis Hays, who heads the U.S. delegation, said the talks are very useful and cover numerous areas of the document that the two sides signed in New York on 9 September. Hays said his delegation wishes to discuss in more detail the work being carried out for issuing the 20,000 visas agreed upon in the document.

Something that elicited the interest of the numerous local and foreign journalists reporting on the negotiations was the eventual impact of the decision of a U.S. federal judge to temporarily forbid the voluntary repatriation of emigrants being held at the Guantanamo naval base.

The decision, made at the request of a group of lawyers linked to the most conservative sectors in Miami, stopped the departure of a plane that would have flown 25 Cubans who agreed to return from Guantanamo to Havana.

Assessing the decision, Alarcon regarded it as risky because it denies those persons the right to return to their country. He added that, curiously, the decision has been endorsed by those who formerly had demanded sanctions aimed at tightening the U.S. blockade against Cuba and profited from the U.S. harassing policy.

Hays, however, declined to express an opinion on the issue, despite the insistence of journalists.

In addition, Alarcon said the two delegations have different positions on several issues but added that the bilateral talks would continue.

One of those issues is the restriction of the air flights to Cuba and of the sending of cash remittances by Cubans residing in the United States to their relatives on the island.

A well-informed source told PRENSA LATINA that the two delegations are working on their respective versions of a document that will comprise the results of the talks that started on Monday [24 October].

The debate on those drafts should start tomorrow morning, after the delegations visit the U.S. Interests Section in Havana to be given detailed information on the work organization to process the requested visas.

The visit will be made at the invitation of the U.S. side. And, Hays himself announced this week that the pace of the process will be speeded up to comply with the commitments in the migration agreement.

Commentator: Talks Linked to Normalization of Ties

PA2610033494 Havana Radio Havana Cuba in Spanish 0000 GMT 26 Oct 94

[Commentary by Roberto Morejon]

[FBIS Translated Text] The migration talks being held in Havana between the United States and Cuba do not include any other general subjects, in particular the economic embargo, despite the increasing demands, both in and outside the United States, saying the White House should lift this virtual siege immediately.

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The U.S. delegation that traveled to Havana freely admits that in its own society, many politicians and numerous businessmen have again and again expressed opposition to maintaining an economic embargo against the island after the alleged end of the Cold War.

The crisis of the so-called rafters reinforced the idea that the United States should discuss with Cuba other subjects in addition to those dealing with migration. The most prominent evidence of this trend is an article written by Clayborne Pell and Lee Hamilton, chairmen of the foreign relations committees of the two houses of Congress, and carried by THE WASHINGTON POST in September. President Bill Clinton's decision to tighten the measures that he adopted in August is also opposed by many persons, particularly in the community of Cubans residing in the United States. Disappointment and irritation are prevalent among the Cubans forced to suspend the remittances of cash and packages to relatives in Cuba, which until 20 August permitted the latter to receive some economic assistance in the midst of the serious crisis that the island is going through, a crisis aggravated by the unfair blockade. Families in Cuba who stopped receiving remittances openly repudiate the measures taken by Clinton on 20 August.

Cubans on and outside the island, who formerly exchanged visits, can no longer do so because of the measures mentioned above and the later reduction of flights between Havana and Miami. The fulfillment of the immigration agreement, which is being discussed in Havana, bears a direct relationship to the normalization of the contacts between Cubans residing on the island and the United States. There is no reason to maintain the blockade, which is aggravated by the measures. By refusing to discuss the embargo, the U.S. position becomes weaker and weaker.

Robaina Trusts UN To Approve Antiblockade Proposal

FL2610024094 Havana Radio Rebelde Network in Spanish 0000 GMT 26 Oct 94

[From the "Exclusive" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina, diplomats, and reporters have visited Matanzas Province. They discussed the important vote that will take place at the United Nations on 26 October, regarding Cuba's proposal to end the 35-year-old U.S. blockade:

[Begin Robaina recording] The proposal will be voted on 26 October. The proposal coincides with the feelings expressed by other nations for a long time and in a million different ways. I believe that the majority of Assembly members expressed their support over the last two years. However, the United States remained silent on this kind of proposal. The United States uses the United Nations for its own purposes. Nevertheless, we trust that we will have the support of the majority of nations that have a vote. We do not have any false expectations. This is clear. We know that many nations have wanted to support Cuba in the past but that economic pressure prevented them from doing so. This happened in the past. [end recording]

Ministry Official Comments

FL2610031594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The UN General Assembly will vote on a resolution condemning the U.S. blockade of Cuba on 26 October. Press agencies are reporting that diplomatic sources in New York are optimistic that the resolution will be approved. Juana Silvera, the Foreign Ministry's acting director of multilateral issues, commented:

[Begin Silvera recording] The number of motions calling for an end to the U.S. blockade of Cuba has truly grown since last year. Motions have been filed by governments, personalities, academics, and nongovernmental organizations. The time is right for adopting a positive resolution. [end recording]

A total of 184 UN members will vote on the proposal. While members are not obliged to comply with UN resolutions, they are considered to represent the world's opinion:

[Begin Silvera recording] The environment is favorable regarding Cuba's position. This has been the case over the past three years, whenever the UN Assembly voted on the resolution. The forecast is promising. [end recording]

Armed Forces Note on Training Exercises 24-26 Oct

FL2410134694 Havana Radio Progreso Network in Spanish 1200 GMT 24 Oct 94

[Note issued by the Revolutionary Armed Forces in Havana; date not given; from the "First Thing" program—read by announcer]

[FBIS Translated Text] Moncada I-94-2 will take place 24-26 October. Ground, air, and naval forces will participate in the exercises, aimed at preparing Cuban defenses and training cadres and command and control personnel. The Matanzas, Cienfuegos, and Villa Clara provincial defense councils will also participate in the exercises. Troops and equipment will be on the move, and explosions and jet planes in flight will be heard.

Exercises Said Progressing Satisfactorily

PA2510232394 Havana PRENSA LATINA in Spanish 1842 GMT 25 Oct 94

[FBIS Translated Text] Havana, 25 Oct (PL)—The I-94-2 Moncada Military Exercises, which began in the central provinces yesterday as part of the country's

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national defense plans, are progressing satisfactorily in their initial stage, a high-ranking Cuban military source has said.

Joaquin Quintas Solas, chief of the Central Army, one of the three armies in the country, has told the National News Agency that it was determined after learning of the campaign work done by the command officers in charge of the large- and medium-size units that the exercises are meeting the proposed objectives.

The military maneuvers, which are being executed in coordination with the provincial and municipal defense councils, are aimed at improving the skills of the chiefs and staff members, and their fulfillment is part of the national plans for the country's defense.

The Moncada I-94-2 exercises are also aimed at training participants in the coordination and cooperation efforts among the commands of the provinces of Matanzas, Cienfuegos, and Villa Clara, in preparation for possible air and naval landings by the enemy.

Economist Views Prospects, Challenges for Economy

FL2510172594 Havana Radio Progreso Network in Spanish 1200 GMT 25 Oct 94

[Interview with economist Iran Marqueti by correspondent Jose Mayo, from the "First Thing" program; place and date not given—live or recorded]

[FBIS Translated Text] [Mayo] In your opinion, what is happening with Cuba's economy right now?

[Marqueti] Cuba's economy is readapting. First, the measures implemented to act on the excess circulation are beginning to have an effect. I mean, the corrective economic measures implemented to improve the state's finances; this is one of the fundamental problems of the special period. Another important aspect is that we are noticing relative stability in the economy's development. This means that 1994 should not have the same types of reductions that we suffered in 1991, '92, and '93. Also, during those years the sectors that showed a certain amount of growth are maintaining that growth today, for example tourism and oil extraction. Another positive sign is the increase in the sale to foreign countries of pharmaceutical and biotechnological products, especially, in the Latin American area.

The future prospects for this sector are very promising. Important contracts have been signed with foreign companies in the sectors of mining, textiles, and tourism. These are not small investments, these are substantial investments. Some of the most outstanding are: the recent accord with Mexico to refurbish and open the Cienfuegos refinery; during President Salinas de Gortari's recent visit to Cuba, the investment agreement affecting the telephone system; the agreement with Sherritt-Gordon, a Canadian company, in the nickel-mining sector; and the latest agreement or letter of intent with the Mining Corporation of Australia. Even though these events have not allowed us to emerge from the complex situation Cuba has been in since 1990 they do lead us to believe that in 1995 and, especially, in 1996 we will begin to see positive aspects in our economy.

I would also like to say that there are other sectors of our economy that are showing positive aspects, such as the mechanical industry and the role it plays in the production of vehicles, and the construction materials industry. This allows us to envision a relatively favorable situation which points to a slow recovery of our economy. However, I insist, the recovery will come about slowly.

[Mayo] Well, I believe that we should make special mention of Cuba's number one industry, the sugar industry. What can you tell us about its current situation?

[Marqueti] The sugar industry has begun a process, that we could call a process of internal restructuring. The goal is to recover the traditional levels of production, as well as to increase the levels of efficiency, both in the agricultural and industrial areas. Currently, we are working in three different directions. First, the recovery of the cane, because during the 1991-92 and 1992-93 harvest for certain reasons harvest and weeding goals were not achieved. This has affected the production levels in both harvests. Another problem is the industry's level of production.

Recently, a report stated that due to a poor utilization of our industrial capacity, approximately one million tonnes of sugar had not been produced. Even though the tourist sector and other sectors have played an important role in our economy in the last few years, they are not yet a viable and true alternative to the role the sugar industry plays in our economy. The reasons I mentioned before spurred the government to implement measures which insist on improving the indices of industrial production, as well as the sector's infrastructure. The measures call for trying to find greater cooperation between agricultural and industrial activities. In the current organizational situation, the agroindustrial complexes focus their attention on industrial activity.

There is also intense effort going on trying to recover the production of sugarcane byproducts, because Cuba, today, produces a variety of these products from the first, second, and third generation, some of which substitute for imports. They are used as raw materials in other industries and they could be exported, thus playing an important role in the future. Our government will intensify all efforts to reactivate the role of this industry in our economy.

[Mayo] With regard to this, how can the workers, the backbone of Cuba's economy, build a more efficient economy, produce more, and save more of our natural resources?

[Marqueti] The economy's main challenge in Cuba is to achieve efficiency. One of the main reasons behind the

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current crisis and the most important variable is the lack of material resources. We have proved that amid our economic problems we can develop the productive forces that our country has accumulated by taking advantage of Cuba's potential and applying certain principals creatively. In the past few months the workers unions assemblies' have been aimed at developing these productive forces. If we do not increase the levels and quality of our production we cannot aspire to improve the current situation nor get out of the special period. I know what I am talking about.

The potential for the Cuban economy is not just limited to obtaining higher indices of exports or obtaining deeper penetration into the world market. Cuba's economy needs more efficiency in production. Without this, the other conditions are impossible. I repeat, it is impossible for the following reasons: In the world today, a country's competitiveness and participation in international markets is measured in three areas: in first place, the level of cost; second, the quality of production; and last, the quality of the product. These three elements together with the structure and utilization of human resources are decisive factors for any country that is trying to reach international markets effectively.

In our case we have the positive aspect of having a highly qualified work force, highly trained cadres, and the work force's creativity and innovativeness. In the future, this could allow the economic progress, as well as obtaining higher levels of efficiency and production.

Politburo Member Chairs Pinar del Rio Commission

FL2510174794 Havana Radio Reloj Network in Spanish 1504 GMT 25 Oct 94

[FBIS Translated Text] A commission chaired by Politburo member Division General Ulises Rosales del Toro, has concluded its meeting in San Cristobal Municipality, Pinar del Rio. The commission was made up of representatives of 29 organizations.

The 10 participating work groups concentrated their efforts on the state of compliance with the directives the commander in chief gave for the special period in 1990.

According to a note published in the newspaper GRANMA, the assessment took place between 14 and 19 of October, during which the deplorable state of the majority of the sugarcane fields and sugar mills was affirmed. During the government commission's visit to San Cristobal Municipality, compliance with the agricultural programs by the Basic Cooperative Production Units and the farming sector was deemed an urgent necessity.

Accountability for School's Deterioration Urged

FL2210015694 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Oct 94

[From the "NTV" newscast—passages within quotation marks recorded]

[FBIS Translated Text] The Revolution built a middle school that operated in Boyeros Municipality, Havana City, for 13 years. That school is now practically destroyed.

This ruin was once the Captain Fernando Alvarez Middle School, serving students for more than 10 years. It is located in the Miraflores Viejo neighborhood, Boyeros Municipality. Neighbors say that the poor condition of the roof, among other problems, prompted authorities to close the school and transfer students to other schools.

[Margarita] "I worked there as a janitor. The school was condemned because of all the leaks in the roof. They were going to have to repair it once again. People came and took the floors, the tiles, and everything. The Education Ministry said that the building would be assigned to another ministry, but which one I cannot remember."

Margarita said that locals guarded the building at one time.

Idalys Safonte, president of the Committee for the Defense of the Revolution in the block where the school is located, comments:

[Safonte] "People expected the school to close. Looting began overnight. It was not guarded at all."

Many of the neighbors think that what happened is a crime and agree that this sad spectacle is even more painful because they helped build the school over 13 years ago.

[Margarita] "It is an abuse, a...[pause] I don't know."

The state has invested heavily in building educational centers for over 35 years. However, this vital building—serving not only as a school but also as a symbol—was lost with one stroke of the pen and for lack of foresight.

[Safonte] "Someone ought to pay for this."

The housing department should inspect all state buildings that could be converted to housing to alleviate Havana's critical housing shortage. The neighbors report that this was not done in this case.

[Margarita] "It was requested that people be assigned to temporary housing, yet this was not done."

An administrative authority's irresponsibility and lack of foresight literally ruined the building. While the voices of students and teachers may have given this building life for over 13 years, all that is heard today is silence and expressions of deep regret. However, expressions of deep regret are not enough. The people demand accountability.

Haiti

Aristide Designates Michel as Prime Minister

FL2510184194 Port-au-Prince Radio Metropole in French 1600 GMT 25 Oct 94

[FBIS Translated Text] [Announcer] It has been confirmed that Mr. Smarck Michel will be the next Haitian

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prime minister after his ratification by the parliament. On the morning of 25 October, the Chamber of Deputies received President Aristide's letter announcing the designation of Smarck Michel in this post. Let us join Edner Jean at the Chamber of Deputies for details.

[Jean] Good afternoon, Kettely. Actually, it was this morning that the office of the Chamber of Deputies received President Aristide's letter informing the parliamentarians of his choice, well, his choice of businessman Smarck Michel. [Chamber] President Frantz Robert Monde just confirmed this information. He also told us that he had another meeting with the president of the republic last night. According to what President Monde told Radio Metropole, President Aristide's choice has rather a political nature. But Monde refrained from providing other details on the reasons that prompted President Aristide to eventually choose Smarck Michel as prime minister. I am going to have you listen to this interview that we had with President Monde a few seconds ago:

[Begin recording] [Monde] This is my second meeting with the president. The first time, we did not talk about that. The second time, it was a true consultation. He gave the reasons for his choice. The reasons are based on political strategy. The president [word indistinct] this is the best choice he can make for the moment.

[Jean] But you, Mr. President, have been consulted. Do you agree with President Aristide that it is the best choice?

[Monde] He consulted us. The Constitution (?says) in consultation with the chamber president but not in agreement with the chamber president. I will tell you more. By talking in the consultations, he gave us the reasons why he has chosen Mr. Smarck Michel. I have begun communicating the letter to the various political groups since this morning... [corrects himself] since yesterday. I am still expecting today another letter from the president of the republic asking us to note down the motives for convening an extraordinary session: the choice and ratification of the prime minister and to grant it priority [words indistinct] so the assembly can give it a worthwhile verdict as soon as possible.

[Jean] As soon as possible, that is when? Will that be during the [words indistinct]?

[Monde] (?I would say within) 48 hours, 48 hours [repeats himself].

[Jean] Are you optimistic about the ratification of this choice by the deputies?

[Monde] [Word indistinct], the one who is president of the assembly is supposed to [words indistinct] the majority. This is why I refrain from giving my opinion in order to let the political groups freely express their opinions on this choice. [end recording]

[Jean] You heard it, the assembly might meet within 48 hours, that is between now and 27 October to give a verdict on this choice. However, problems have already (?come up). Parliamentarians close to President Aristide including those of the National Front for Change and Democracy [FNCD] and especially those of the Social Democratic Parliamentary Bloc [BPSD] told Radio Metropole that they had not been consulted and that it is only this morning that they learned—through the letter received at the Chamber of Deputies—that President Aristide had chosen Smarck Michel. BPSD President Edmond Mirold told us that he is a bit disappointed even though he did not use that word. However, when he was asked whether he was ready to ratify this choice, he simply said that he will listen to the people. Other FNCD deputies have not been consulted either, but they refuse to give... [rephrases] to make public statements, putting forward that they were in provincial cities over the weekend. That is the situation for the moment at the parliament where we just learned that Smarck Michel has been officially designated as prime minister by President Aristide.

Michel's Background Detailed

FL2510192594 Port-au-Prince Signal FM in French 1030 GMT 25 Oct 94

[FBIS Translated Text] Haitian President Jean-Bertrand Aristide was supposed to have announced last night the appointment of businessman Smarck Michel, 57, as the new prime minister who will form the next government after his ratification by the Haitian parliament. Michel was born in Saint-Marc on 29 March 1937, the son of Captain Chenon Michel and shopkeeper Alice Batroni. Given the profession of his father, he attended several primary schools in Haiti including the Catholic school for boys in Les Cayes in the south, that of Jeremie, Notre-Dame High School in Cap-Haitien in the north, and Saint-Louis de Gonzague High School in Port-au-Prince. He made his secondary studies at Petit Seminaire College Saint-Martial and got his end of secondary studies certificate in 1955. He married Rose-Marie Sterlin in 1961 and is the father of two daughters and one son.

Known as a close friend of President Aristide, Mr. Michel occupied the post of minister of commerce and industry in the Rene Preval government between February and June 1991. He was replaced in that post by Mr. Jean-Francois Chamblain on 14 June 1991 after numerous demonstrations. Smarck Michel, who will succeed Prime Minister Robert Malval, who tendered his resignation in December 1993, studied commercial administration at New York School of Business from 1956 to 1959. An importer of food products, he has owned a wholesale and retail store in the commercial center of Port-au-Prince since 1965. He is also an oil product distributor.

Until the end of last week, it seemed that President Aristide was determined to choose outgoing Foreign Affairs Minister Claudette Weleigh to lead the government.

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Smarck Michel would be the third Haitian constitutional prime minister afte. Messrs. Rene Preval and Robert Malval. A previous prime minister—Attorney Martial Celestin—was appointed in February 1988 by Leslie Francois Manigat, who was president at that time following presidential elections held by a controversial electoral council on 17 January 1988. Those elections were boycotted by most of the people.

In January 1991, after the first free and democratic elections of December 1990, President-elect Jean-Bertrand appointed Rene Preval as prime minister. The latter remained in that post until the military coup d'etat of 30 September 1991. After the putsch, the director of a human rights organization—Jean-Jacques Honorat—and political leader Marc Bazin, head of the Movement for the Establishment of Democracy in Haiti, were appointed de facto prime ministers respectively in October 1991 and June 1992 by the military rulers and a faction of the parliament. They were not recognized by the international community.

In August 1994 [year as heard] after the signing of the Governors Island agreement, Robert Malval was appointed prime minister by President Aristide. Malval—who was supposed to remain in that post until October 1993, the date set by the Governors Island agreement for Aristide's return—officially tendered his resignation in December 1993 while informing of his willingness to continue together with his government to deal with the day-to-day matters in accordance with the Constitution. This mission was disturbed by the episode of Jonassaint [la parenthese Jonassaint], the de facto president appointed by the military on 11 May. The constitutional prime minister and his ministers resumed their work only a few days before the return of President Jean-Bertrand Aristide to Port-au-Prince on 15 October, after three years of exile in Washington.

Political Leader Notes Concerns About Michel

FL2510185394 Port-au-Prince Signal FM in French 1030 GMT 25 Oct 94

[FBIS Translated Excerpt] Concerning the possible appointment of Aristide's prime minister, the leader of the Union of Democratic Patriots, Rockfeller Guerre, wants the formation of a government of national concord that can reassure all sectors in national life. President Jean-Bertrand Aristide must soon appoint businessman Smarck Michel as prime minister, something that has not been contested so far. Engineer Guerre recalls Michel's experience in the Preval government. Guerre says, however, that he is ready to cooperate.

[Begin Guerre recording, in Creole] Our worry is precisely because Smarck Michel was part of the government for the first seven months... [pauses] when President Aristide came to power. Many people were dissatisfied with his performance as commerce minister. This is something everybody knows. There was a matter of rice which cost $48 (?a sack). He brought the price of a sack of rice to $52 while saying that he had lowered it. That caused so many grumbles that he was obliged to resign. [passage omitted] [end recording]

Senators To Resume Parliamentary Activities

FL2510185694 Port-au-Prince Radio Metropole in French 1600 GMT 25 Oct 94

[FBIS Translated Text] Concerning the Senate, we have learned that the Alliance [for Parliamentary Cohesion] parliamentarians plan to come back and plan to resume their activities at the Senate of the Republic and that those who were elected on 18 January 1993 have agreed to stay away for the moment. They met with the press on the morning of 25 October.

Netherlands Antilles

Bonaire Votes To Maintain Link with Antilles

BR2410144494 Amsterdam DE VOLKSKRANT in Dutch 24 Oct 94 p 4

[Unattributed report: "Bonaire Also Votes for the Antilles"]

[FBIS Translated Text] Willemstad—On Friday [21 October] Bonaire guaranteed the further existence of the Netherlands Antilles by voting massively in a referendum in favor of maintaining the Antillean link. Bonaire was the fifth and final Antillean island which had to make a choice over its political future. Nearly 90 percent of voters on Bonaire want to remain with the Antilles.

The second option, increased independence to become a country within the kingdom, did not even attract 9 percent of voters. The other two options, joining the Netherlands and complete independence, won scarcely any votes. The turnout for the referendum was good: Around 67 percent of the 7,423 people entitled to vote did so.

Majorities in Curacao, Saint Maarten, Saba, and Saint Eustatius have already voted for continuing the Antillean links, albeit in a restructured form. In recent years the present configuration has caused big problems in the political field because political parties from various islands have to form one national government. On two of the islands, Curacao and Saint Maarten, politicians were inclined to opt for their island's autonomy. But now that the people have chosen to maintain the Antilles, a new workable structure must be sought.

A number of committees with different assignments will now start work. The grievances and wishes of the islands will be listed and a new political structure will be set up. Nation-building opportunities will also be sought to strengthen the links between the islands.

The restructuring process focuses mainly on the political negotiations between the island governments and the central government. The Antillean cabinet is hoping to have the new structure ready by the end of the year.

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Foreign Secretary on California's Proposition 187

PA2510160694 Mexico City XEW Television Network in Spanish 0430 GMT 25 Oct 94

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican Foreign Secretary Manuel Tello has issued a warning about Proposition 187, promoted by the governor of the State of California. The Mexican Government has no intention whatsoever of meddling in matters that only concern the citizens of the United States. However, it cannot stand by and not criticize Proposition 187 proposed by California Governor Pete Wilson, because it affects thousands of fellow Mexicans.

[Begin Tello recording] Our problem is with that proposition; it is exclusively with that proposition. We continue to be opposed to it. We continue to believe that if approved, it will not solve the problem it is intended to solve. [end recording]

During the celebrations in Guadalajara marking the 49th anniversary of the founding of the United Nations, Foreign Secretary Manuel Tello said bilateral relations between Mexico and the United States will surely suffer if the proposition is approved.

[Begin Tello recording] There is not doubt that bilateral relations between our two countries could suffer if the proposition is adopted. It will all depend on the attitude the Californian people adopt on 8 November. [end recording]

Carlos Rivera Aceves, the governor of Jalisco, one of the states from which the largest number of illegal aliens cross into the United States, said Jalisco is offended by the treatment its citizens receive in California. He joined the voices of protest against Proposition 187.

Correction to Peace Commissioner Replies to Mediator

PA2110045594

The following correction pertains to the item headlined "Peace Commissioner Replies to Mediator Ruiz," published in the 20 October Latin America DAILY REPORT, pages 16-17:

Page 17, column one, paragraph four, last sentence, make read: ...the peace process. [new paragraph]

Furthermore, I would also like to advise you that the president... (rewording for clarity)

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El Salvador

Cali Cartel Trafficking, Laundering Reported

PA2410213794 San Salvador EL DIARIO DE HOY in Spanish 21 Oct 94 pp 2, 3

[Report by Gabriel Trillos De La Hoz]

[FBIS Translated Text] The leaders of the Cali Cartel—the world's most powerful organization of mafiosos—not only use Salvadoran territory as an attractive point to launder drug money, but also as a transit center to ship thousands of kilograms of cocaine to international markets.

Confidential reports by local and international narcotics authorities not only confirm that fact, but also that for some time groups of important collaborators of the Cali Cartel have been operating in this country on both fronts: drug trafficking and money laundering.

Salvadoran President Armando Calderon Sol confirmed yesterday that local authorities are investigating money laundering activities in the country as part of an extensive operation that involves the participation of 22 countries worldwide.

Although details of the results of this police operation, being conducted jointly with principal U.S. narcotics authorities, have not been disclosed, it has been learned that the investigation might involve some Salvadoran companies, which could be owned by drug lords.

Although these investigations are fairly recent, they will try to confirm what some social sectors have been quietly repeating for a while: El Salvador could be an attractive place to launder "dirty" money.

But that is not the only thing that worries national authorities. There is also enough evidence to say that the Cali Cartel, out of all the drug trafficking organizations in the world, is the most active in El Salvador, according to police reports.

Even the major cocaine shipments seized in the past two years turned out to be unsuccessful shipments by men working for Cali Cartel drug traffickers.

"The drug trafficking problem in El Salvador is a serious one and is growing increasingly worse," the head of the drug interdiction division of the National Civilian Police (PNC), who chose to remain anonymous for security reasons, conceded yesterday.

In shipping large amounts of cocaine, the "men" who work here for the Colombians use different sea, air, and land routes with which they constantly outwit local authorities.

But there is even more to the problem. All the experts concede that as trafficking in cocaine increases through Salvadoran territory so does its consumption by youths.

"The situation is not difficult to explain: once the drug gets here, it is important for them to increase national consumption because reexporting the drug is always risky," a high-ranking police chief said.

A decade ago, one gram of cocaine cost between 400 and 500 colones in El Salvador. In 1994, one gram of cocaine only costs some 180 colones.

"Everything indicates that the supply of cocaine exceeds its demand by 15 times. In 1994, cocaine is not only consumed by the wealthy, but by people in every social stratum, including members of youth gangs," Carlos Aviles, an expert on drug issues, said.

The problem is even more serious considering that Salvadoran laws do not punish drug consumption.

"The possession, traffic, and sale of drugs is penalized, but there is no specific punishment for consumption. Consumers are neither fined nor sentenced," the spokesman for the drug interdiction division complained.

Money Laundering

In an attempt to follow the trail of Cali Cartel collaborators who are reportedly laundering money in El Salvador, authorities from the Financial System Superintendency are investigating banks and institutions that manage capital.

President Calderon Sol confirmed this yesterday after warning that "any financial institution will be investigated for money laundering or any possible crimes...foreign capital will be investigated too. That is why there is a joint operation."

President Calderon Sol said that the operation known internationally as "Chimborazo" has been coordinated with authorities from the other Central American countries since there are strong suspicions that the area is being used as a bridge to export the drug to the United States and to launder money.

The investigation plan originally sought to track a "money laundering" network that manages some $50 million of the Cali Cartel every week. This network uses a sophisticated financial scheme, which involves banks, finance companies, and ghost companies.

According to confidential reports used by local authorities, that scheme includes El Salvador. The international operation has adopted measures such as the search of commercial offices in Costa Rica, Argentina, Dominican Republic, Chile, Colombia, Panama, and Guatemala.

President Calderon Sol said members of the DEA and the FBI are advising the local authorities.

"Our organizations have received technical assistance, cooperation, and fundamental information to follow up on crimes of this nature," Calderon Sol said.

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Calderon Sol added the Financial System Superintendency "will investigate any financial institution" to determine "possible crimes linked to money laundering."

The offensive against money laundering began in Argentina, where the authorities arrested several Colombians, and it seeks to dismantle organizations that are at the service of "men" working for the Cali Cartel.

In countries such as Costa Rica and the Dominican Republic, the judicial authorities have searched some of the leading banks and arrested several employees.

All those actions have been adopted to follow the trail of a large network of money launderers who were using companies in several countries to launder money. These companies were controlled by a phony exporting company established in Argentina.

It has not been ruled out that some of the investigations being conducted in El Salvador involving phony companies may have connections with similar companies in Costa Rica, Panama, Guatemala, and the Dominican Republic, among others.

U.S. Reaction

The Central Reserve Bank of El Salvador (BCR) has stated it is not obligated to help by providing confidential information on exchange activities to the PNC although it is not legally entitled to participate directly in money laundering operations.

One of the most common methods used by those working for the financial limb of the Cali Cartel is to form companies that disguise "money laundering" activities.

To mobilize large amounts of dollars, such companies claim to conduct major commercial operations that actually have no other purpose but to launder money.

This reason is why Carlos Aviles believes local authorities should investigate certain foreign companies established here in order to ensure they are not being used by presumed main offices to launder money only.

The investigation of certain foundations linked to foreign organizations that could lend themselves to such a purpose has also been requested.

"We must ask ourselves from where is so much money coming in the country—so many businesses, nightclubs, and automobile dealerships," Aviles has said.

Aviles has also said "our country will be faced with problems of corruption and economic and social deterioration if there is money laundering here, because drug trafficking harms the minds and consciences of governments and societies everywhere."

Guatemala

Minister: Personnel Shortage Fueling Insecurity

PA2510172294 Guatemala City PRENSA LIBRE in Spanish 23 Oct 94 p 2

[FBIS Translated Text] U.S. Ambassador to Guatemala Marilyn McAfee has said that, while acknowledging that she is no expert, she thinks that the problem of insecurity and violence in Guatemalan is not caused by a lack of weapons in the security forces. Guatemalan authorities must try to overcome this situation, she added.

McAfee pointed out that the government and the chiefs of security forces should fight the symptoms of this problem. In order to do this, the institution must be improved in such a way as to have an impact and minimize violence.

McAfee said that this problem worries all of society, and thus all Guatemalan sectors should be involved in efforts to eradicate it.

Minister Contradicts the Ambassador

Meanwhile, Government Minister Danilo Parinello Blanco said that a shortage of personnel and logistics within the Civilian Security Forces [FSC] is the main cause of increasing insecurity and violence in Guatemala.

He added that low salaries in the FSC should not lead to corruption, because the Government Ministry is trying to improve working conditions in security institutions until additional funds are allocated to police corps to improve salaries.

Legislator Unharmed in Attack by Unidentified Men

PA2510233594 Panama City ACAN in Spanish 2225 GMT 25 Oct 94

[FBIS Translated Text] Guatemala City, 25 Oct (ACAN-EFE)—Carlos Mauricio Valladares, a Guatemalan Christian Democratic (DCG) legislator, reported today he came out unharmed from an attack by unidentified men who fired at him in Jutiapa Department, in eastern Guatemala.

Valladares disclosed at parliament today that he was the target of an attack by unidentified men as he arrived home this weekend.

According to the legislator, men who were riding in a vehicle fired at him as he was entering his house with his family. No family member was harmed.

The deputy said the bullets hit the door of the fence.

Valladares, who assumed office on 14 August, said "the attack was on me, because the men had been waiting for me for several minutes according to neighbors."

Congress condemned the attack and asked Government Ministry officials to investigate the incident.

The deputy also reported he has been receiving death threats over the telephone for a month, but he said he does not know the reason for the harassment and the attack.

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Nicaragua

Mutual Cooperation Accord Signed With Jamaica

PA2310200794 Managua Radio Nicaragua Network in Spanish 1200 GMT 20 Oct 94

[From the "Newscast 2000"]

[FBIS Translated Text] Nicaragua and Jamaica have signed a mutual cooperation agreement.

Tourism Minister Fernando Guzman, who accompanied President Chamorro on her visit to Jamaica, revealed that a mutual cooperation agreement has been signed with Jamaica to exchange information and advice regarding the promotion of international tourism. Guzman said that Raul Calvet of the tourist company Caramel Tours described their visit to Jamaica as beneficial and added that joint efforts between the government and the private sector will bring benefits to the country.

President Violeta Chamorro—who seemed very optimistic after returning from her two-day visit to Jamaica—stated that one of the major achievements of her trip is the implementation of a program of technical scholarships. This scholarship program will last nine months and will train Nicaraguan workers in the area of tourism. Chamorro said that these scholarships will be better used by students on the Atlantic coast since the customs and language in this region are similar to Jamaica's.

President Chamorro added that Jamaican Prime Minister P.J. Patterson is expected to visit Nicaragua in 1995. Chamorro also announced the visit to Nicaragua of Jamaican businessmen who are interested in investing in the tourism and hotel industry.

Ministers Allegedly Evading Taxes on 'Double Payroll'

PA2310162894 Managua BARRICADA in Spanish 18 Oct 94 pp 1, 3

[Report by Alfonso Malespin Jiron and Jorge Katin; second of two installments: "Ministers Dodge Income Tax"]

[FBIS Translated Text] The Nicaraguan Finance Ministry payroll shows that a minister earns 10,000 cordobas and a deputy minister 8,500. Deductions for the 13th month bonus, income tax, Inssbi [Nicaraguan Social Security and Welfare Institute], and so on are based on those figures.

The bulk, however, of the salary earned by ministers and deputy ministers of between $3,000 and $6,000, which comes from a "double payroll" registered only in a notebook handled by Presidency Minister Antonio Lacayo, is completely tax-exempt.

There are no receipts. No deductions are made. There are no traces. No income tax is paid on these net figures in dollars, a former minister who requested anonymity confirmed for BARRICADA.

Our one-on-one interviews with several former government officials confirmed that there has been a huge tax evasion for the past four years.

"If the ministers are receiving payments outside the payroll, they are violating the IR [Income Tax] Law," Deputy Julia Mena warned. "Each ministry must file complete and clear financial statements," she pointed out.

"I think that the amount earned by each government official should be stated clearly and honestly," Mena added.

Lacayo Does Not Deny Information

Minister Lacayo yesterday reacted to BARRICADA's journalistic investigation on the "double payroll" by dismissing it as "a slanderous campaign" with electoral purposes. He, however, did not dare deny the information confirmed by former members of his cabinet, who received payments in dollars from Lacayo's hands from money kept in his safe.

Finance Minister Emilio Pereira was even bolder than Lacayo when he said on the "Good Morning" television program that the "double payroll is inexistent." Pereira urged the comptroller general of the Republic to verify this.

Minister Pereira is highly esteemed by his deputy ministers for personally paying out the ministry's "double payroll" in dollars and in a timely manner.

Pereira said that besides the 10,090 cordobas, he also earns between 19,000 or 20,000 cordobas for being a member of the board of directors of the Central Bank and Bank of Nicaragua.

What about the "little safe?" BARRICADA asked.

That is a "dark alley rumor," the minister replied.

Mendieta Does Not Know

The government minister also denied the report. "I have no evidence that such a safe exists," Alfredo Mendieta said. The minister said he has never received a payment from Minister Lacayo.

Despite the official statements, few people believe that the ministers earn what they claim. It is difficult to think that they can pay for the amenities that they have with such salaries.

According to Mendieta, "most ministers own businesses. They are prestigious professionals with money."

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Labor Minister Francisco Rosales admitted that there are extra payments coming from projects of international organizations or donor countries involving ministries such as MARENA [Environment and Natural Resources] and Minsa [Health Ministry], and the presidency, in which a person could earn two and even three salaries.

Where Do The Funds Come From?

It is known, for example, that certain ministries such as the Foreign Cooperation Ministry, MCE, have outside funds to "strenghten institutions," which are managed with a high degree of discretionality by Minister Erwin Kruger. There are, however, stubs from all checks that are issued and a registry of the name of their recipients.

There is no trace, however, of the handling of funds contained in Minister Lacayo's safe. Most of the money for the "double payroll" comes from that safe. The most widespread theory is that such funds come from the budget of the Presidency Ministry and its famous secret expense account.

Deputy Mena described as suspicious a 5 million cordoba allowance for secret expenses and 9 million cordoba allowance for unforseen expenses, which were included in the Presidency Ministry's 1994 budget.

"They are used for anything, some are not that necessary. That money could be used to raise salaries of a very needy segment of the population," she added.

To stop what Deputy Domingo Sanchez described as "abuses in the ministries," Mena suggested, as did Minister Francisco Rosales, approving a Minimum Wage Law "for everybody."

According to Sanchez, the Comptroller General's Office should worry about this and ensure compliance with ethics legislation. Rosales suggested eliminating the special payroll for "advisory posts" and including such funds in the official payroll instead.

In 1993, the Presidency Ministry spent 33.98 million cordobas. That is more than what the Supreme Electoral Council spent (24.2 million cordobas) and the Comptroller General's Office spent (8.96 million cordobas).

Neither those expenses nor the reports of the Finance Ministry reflect the forrestry and fishing concessions and licenses that were granted. It is presumed that those funds, as well as others coming from donors, end up in the Presidency Ministry.

This situation—according to Dr. Luis Humberto Guzman [National Assembly president]—worries Swedish and Swiss donors, who would like to know the destination of those funds.

This year the presidency of the republic spent—in the first semester alone—76.9 percent of its annual budget (33.02 million cordobas). Apparently, they do not mind spending the entire budget at once, because everthing seems to indicate that they have additional funds, a parliamentarian adviser pointed out.

Humberto Ortega: Total Disarmament 'Impossible'

BR2510140494 Madrid EL PAIS in Spanish 25 Oct 94 p 10

[Interview with Defense Minister Humberto Ortega by Miguel Angel Villena in Madrid; date not given: "It Is Impossible To Disarm Whole People in Country Like Nicaragua"]

[FBIS Translated Text] A veteran Sandinista commander, Nicaraguan defense minister since 1979, and a controversial and powerful personality who retained his post after the National Opposition Union (UNO) victory in the 1990 elections, 47-year-old Humberto Ortega will be quitting his post next February. The head of the Nicaraguan Armed Forces met yesterday with Julian Garcia Vargas, his Spanish counterpart, on a visit to Madrid during which he is to ask the Spanish Government to continue its support for the process of professionalizing this Central American Army.

[Villena] You have been Nicaraguan defense minister for 15 years. Are you so powerful that they could not replace you previously?

[Ortega] Following the insurrectionary war against the dictator Somoza, it was necessary to build a new national Army and withstand the aggression of the United States and the "Contras." Only after the end of that struggle and the 1990 elections (won by the opposition consisting of the UNO) could we establish the foundations of an Army which was small but strong and, above all, committed to the new democracy in Nicaragua. The parliament has recently approved a military code which, for the first time in Nicaragua's history, shapes Armed Forces which enjoy civil consensus and the support of all the political forces. Now it is no longer essential that I remain in charge of the Army, and I will retire next 21 February.

[Villena] Following the 1990 elections, you promised a substantial reduction of the Army. Has that announcement been carried out?

[Ortega] Nicaragua needed the modernization and professionalization of its Army because of the country's conditions and because of the Armed Forces' new identity worldwide following the end of the Cold War and the disappearance of the blocs. Within that more professionalized profile, the Nicaraguan Army has passed from having 90,000 men in 1990 to the just 15,000 which it currently comprises. We were the first country in Central America to carry out the commitment to reduce its forces within the policy of detente in the area. I am also satisfied because we have ensured that the Nicaraguan Army has ceased to be Sandinista and become a state institution which no longer serves either the economic oligarchy or a political party, as has always been the case.

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[Villena] Armed revolts, abductions, and violent strikes have followed one another in Nicaragua over the past few years. The country's unfinished business is demilitarization and disarming the population, but you have failed in that aim.

[Ortega] Disarming Nicaragua totally—all the people—is an impossible task. Having a rifle or a pistol is something common because of the tradition, ethos, and ways of life in a Central American country. However, we must make the greatest possible effort in that direction. Through pressure and negotiation, we have succeeded in inducing around 30,000 "recontras" and "recompas" to hand over their weapons. There remain around a thousand bandits in some areas of the country affected more by hunger and the economic crisis than by political motives. The armed groups no longer have any political support, either from the Sandinistas or from the right, but the violence is linked to social problems stemming from poverty and lack of work.

[Villena] Do you feel confident about an electoral victory for the Sandinistas in the 1996 elections?

[Ortega] We were idealists when we were in power, and lacked the necessary experience to realize that a revolution must create wealth in order to practice social justice afterward. The revolutionary effort did not create sufficient prosperity, and that failure was combined with the U.S. aggression and the war which we suffered for years, but we revolutionaries remain alive and form part of a Nicaragua which must make an effort at national unity and dialogue in order to emerge from poverty and underdevelopment.

Sandinists To Hear Report on BARRICADA

PA2510232294 Managua BARRICADA in Spanish 24 Oct 94 pp 1, 10

[Report by Darwin Juarez, Jorge Katin, and Alfonso Malesin]

[FBIS Translated Text] The Sandinist Assembly will hear a report on 25 October by the National Directorate on the daily BARRICADA. The proposals in the report include the dismissal of newspaper Editor Carlos Fernando Chamorro. Talking to BARRICADA yesterday in Leon, Commander Daniel Ortega, FSLN [Sandinist National Liberation Front] secretary general, confirmed the Assembly will make a decision after hearing the report on Carlos Fernando Chamorro's stay or departure at the helm of the newspaper.

Commander Lumberto Campbell, a member of the National Directorate, disclosed the report proposing Chamorro's dismissal is already prepared and includes administrative and political aspects. Campbell said several names are being mentioned to replace the editor, but he did not disclose them. It was learned that eight out of the 15 members of the National Directorate attended Friday's [21 October] meeting.

A source close to the FSLN National Directorate has revealed the Sandinist Assembly will propose naming Commander Tomas Borge as president of BARRICADA's Editorial Board, but Campbell has denied the report. "This time is the first I am hearing of it," he said; "instead, we have to wait for Editorial Board President Bayardo Arce to return."

Commenting on the possibility of replacing the president of the Editorial Council, Commander Bayardo Arce Castano, who is in Spain, Commander Ortega said "I have not heard anything in particular. We are aware, however, of the concern that exists regarding the newspaper's policy."

At any rate, he added, "the Sandinist Assembly has the final word," and "we must respect its decision" on BARRICADA.

The BARRICADA Editorial Board sent a document on 21 October to the FSLN Directorate on the newspaper's editorial strategy. In that document, it stressed the need to consolidate the newspaper's autonomy. It also proposed ratifying the current newspaper directors and its editorial board or remove them otherwise.

The BARRICADA Editorial Board is comprised by Arce, Chamorro, Alejandro Martinez Cuenca, Emilio Baltodano, Rodrigo Reyes, Sergio de Castro, and Roberto Fonseca. According to Campbell, the proposal to be discussed tomorrow does not include changes in the makeup of the Editorial Board, but he admitted the National Directorate is fully empowered to analyze the matter, and "anything could happen."

The Sandinist Assembly will also discuss the way the FSLN will handle the constitutional amendments and the problem of party unity, Commander Daniel Ortega said during a meeting with the Leon Department Sandinist Assembly, which met to elect new authorities yesterday.

In a strong tone of voice, Ortega questioned the harm caused to the "principle of discipline" by several cadres and almost all the deputies who comprise the Sandinist bloc.

According to Ortega, "every program has discipline that rules relations among all individuals," but, he added, certain comrades devoted their time following the Sandinist Congress to "organizing parallel structures and clearly proposing the possibility of leaving and organizing another party."

In this respect, the FSLN secretary general said "it is their right," but he disagrees with what he termed as an "element of great concern," meaning the National Assembly and the National Directorate are being accused all the while of maintaining "an undemocratic position."

According to the FSLN secretary general, the party's internal situation "is very complex" and begins with "the refusal to accept the results of a democratic process."

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Despite this difficult situation, he said, the registration for the recent elections of local party authorities indicate the revolution has created an awareness, and the 333,000 people who have registered fully surpassed predictions, something that constitutes "the best response to problems and indicates Sandinist strength."

Concerning the constitutional amendments, Ortega criticized the Sandinist bloc deputies, because they did not ensure a solution to the ownership problem when they introduced the amendments bill.

According to Ortega, the constitutional amendments would have two elements that are of priority: the Army's Charter Law, which was settled based on a tactical alliance of the FSLN with the UDC [Christian Democratic Union], the PSD [Social Democratic Party], the Center Group, and the government, and the Ownership Law, which requires another alliance to be approved.

The FSLN secretary general explained it was a major UNO [National Opposition Union] board member who suggested that the constituent assembly was fundamental and that the presidential elections be moved up to November 1995 or February 1996.

Based on this proposal, there would be a provisional government of two or three years. Another option submitted, Ortega said, was to give the National Assembly the faculties of a constituent assembly and move up the elections. He said the FSLN is prepared to listen to various proposals, because we cannot "close our minds."

He said Sandinist deputies have not acted correctly in this process in establishing an alliance with the UNO, which, by the way, they "brought back to life" to promote constitutional amendments, setting aside the ownership law.

The position of the Sandinist bloc should be one of saying, "I give you the votes for the reform, and you give me the votes for the ownership law," he added. (contributing writer Alfonso Malesin)

End of Electricity Rationing Set for 15 Nov

PA2310200194 Managua Radio Nicaragua Network in Spanish 2200 GMT 20 Oct 94

[From the "News 2000" newscast]

[FBIS Translated Text] Electricity rationing might be definitely suspended by 15 November at the latest.

Nicaraguans might be able to spend their Christmas holidays without any electric power cuts since it was established that the rationing will be definitely suspended as of 15 November. This decision was based on the rapid recovery of water levels in the Apanas Lake in the past 72 hours, a period in which 7 more centimeters of water have been accumulated to generate electric power in the Centroamerica and Carlos Fonseca plants.

Before announcing the full restoration of electricity services to the population, the Nicaraguan Institute of Energy will announce in the coming two days the reduction of the rationing program to two-hour cuts a day. According to our source, the Apanas Dam requires two meters of water to recover its normal level and to be able to operate the two hydroelectric plants at their maximum capacity.

Panama

President: Government Not 'Employment Agency'

PA2110191894 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Oct 94

[Report by Mara Rivera from "The RPC Television News" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares reiterated today that he will govern for all Panamanians, not just for one group.

The comments were made after the rank and file of the PRD [Democratic Revolutionary Party] said they were unhappy with the efforts to provide them with jobs.

The president made the statement after he toured the new seafood market, which will be inaugurated in early December. During his tour, the president was accompanied by Commerce Minister Nitzia de Villarreal, engineers working on the building, and representatives of the Japanese company that is providing the financing.

The president took advantage of the tour to take a look at a small-scale model containing the details of how the market will look. The president also visited the public market to hear the opinions of seafood vendors about the new market. Vendors talked to the president and explained their concerns.

Finally the president spoke to the media and denied problems had arisen following his decision to annul the appointments made by former President Guillermo Endara for the Central American Parliament. He also said the government is not an employment agency.

[Begin recording] [Perez Balladares] We are going to attempt to provide solutions to these problems in an orderly manner. The people we are going to try to reinstate in their posts are the people who were unfairly dismissed. It will all be done in an orderly manner. This is not an employment office, however. I have to find jobs for all Panamanians and I have to do whatever is necessary to get government policies to generate those jobs. We are not going to favor one group over the other. Those who were unfairly dismissed will be reappointed. Of course, preference is being given to them. It is a slow, bureaucratic process, which takes time, however. We have to do it carefully so as not to commit an injustice.

[Unidentified reporter] This morning the country's media strongly criticized you. They claim the sons of

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Arnulfistas experience the same hunger as the sons of PRD people. They have strongly criticized you.

[Perez Balladares] You tell me. Is the hunger suffered by an Arnulfista not the same hunger as that one suffered by the son of a PRD member? Are they not Panamanians too? As president, I cannot differentiate between the needs of one group of the population versus another just because of their political affiliation. I cannot do that. That is not my nature. That is not in the spirit of a president. [end recording]

Changing topics, the president flatly denied that the asylum granted to Raoul Cedras was done with the condition that Panama would receive millions of dollars in donations and loans. He said his only obligation is with the Panamanian people.

Says Government Cannot Create Jobs

PA2610002494 Panama City LA PRENSA in Spanish 24 Oct 94 p A-1

[Report by Vilma Figueroa and Boris Gomez]

[FBIS Translated Excerpt] President Ernesto Perez Balladares said his government does not create jobs, because it cannot do so, not because it does not want to. He added there is no financial capability to create jobs.

The president made those remarks exclusively for LA PRENSA after certain legislators, particularly from his party, the PRD [Democratic Revolutionary Party], voiced concern over the lack of jobs for their rank and file members.

"The only way to create jobs in the national economy is by producing the necessary investments so the jobs can be permanent," the president said.

Perez Balladares added that he understands the legislators' situation, but the government and national reality is that there is no financial capability to create jobs in the state sector. He has said jobs must be created through investment by the private sector.

Perez Balladares reiterated the government "is not an employment agency," but he has said he is making every possible effort to find jobs for his government's supporters and opposition members, because he must govern for all, not only for a group of people.

Furthermore, Perez Balladares said he agrees with the statements by Comptroller General Luis Benjamin Rosas, who said an increase in the government payroll must be avoided. [passage omitted]

Vice President: Dismissals 'Normal Procedure'

PA2210181794 Panama City EL PANAMA AMERICA in Spanish 20 Oct 94 p E-16

[Report by Carlos Anel Cordero]

[FBIS Translated Text] First Vice President Tomas Altamirano Duque said yesterday that the PRD [Democratic Revolutionary Party] has to hire those people who helped it reach power and that this is why there will be dismissals in state organizations.

He pointed out: "dismissals are a normal procedure; it has always been like this," adding this type of situation occurs every time there is a change of government. The current government officials must be replaced by others.

The state payroll cannot be expanded; this is why dismissals are necessary to appoint PRD supporters to those positions left vacant.

According to Altamirano, the dismissals and appointments are occurring slowly due to government bureaucracy, stressing that the hiring will take place in the next few months.

The vice president also said that this situation, as well as the demands made by the party's rank and file, are expected to be resolved by December. He pointed out that there have been some dismissals and appointments, but unfortunately we cannot make them as fast as we want to.

In addition, he said we must appoint these people in an orderly fashion; we cannot appoint a driver to an auditing post.

The high-ranking government official recalled that there were many dismissals during the previous administration, which, based on Law 25 and Decree 1, fired people for being a Codepadi [Committee for the Defense of the Fatherland and Dignity] follower, a Dignity Battalion member, or simply a PRD supporter.

Authorities Watching Lebanese, Israeli Citizens

PA2410235594 Panama City EL PANAMA AMERICA in Spanish 24 Oct 94 p E-16

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Authorities are keeping a close watch on a group of Lebanese and Israeli citizens who were arrested for not carrying their proper immigration documents and who are believed to be linked to the attack on an ALAS Airlines airplane, a judicial source reported.

The source said the Lebanese and Israeli citizens were arrested last week following a raid conducted by the Immigration Department to locate illegal aliens. It was determined after authorities verified their identities that they were illegal aliens.

The source has said they proceeded to notify the Judicial Technical Police [PTJ] after the authorities learned of their identities in order to determine whether the arrested individuals had been involved in any crime.

The source has revealed that PTJ officials are conducting the investigations to determine whether they were

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involved in any way in the attack on the ALAS Airlines airplane on 19 July in which 21 people were killed, all of Jewish origin.

The authorities said it is somewhat suspicious to find several individuals of Lebanese origin without their proper immigration documents in the country, and they are going to find out exactly what their activities in our country were.

Five-Year Loan With IDB To Finance Projects

PA2510161894 Panama City LA PRENSA in Spanish 24 Oct 94 p 1

[Report by Vilma Figueroa and Lastenia Murillo Munoz]

[FBIS Translated Text] President Ernesto Perez Balladares has said that the Inter-American Development Bank (IDB) will grant Panama $1.5 billion to finance projects over the next five years. The signing of the agreement with this international financial institution is expected to occur on 25 October.

It was reported that IDB President Enrique Iglesias will meet with the Panamanian president and certain members of his economic team to sign some financing commitments.

Negotiations for this loan started six months ago with an evaluation commission and concludes today with Iglesias' arrival in the country.

As for Iglesias' visit to Panama, President Perez Balladares said that the projects that the IDB is willing to finance will be revealed today.

The president added that as soon as internal consultations on the Modernization Plan conclude, a proposal will be formally presented to the World Bank and IMF to secure additional support for social programs.

Enrique Iglesias will also meet with members of the Legislative Assembly to report on the $1.5 billion loan agreement that the Panamanian Government will sign with the IDB.

The meeting, which will be attended by Legislative Assembly President Balbina Herrera, will take place at the Justo Arosemena Palace.

We have learned that at this meeting the IDB president will brief legislators on the scope in upcoming years of this loan agreement that will be signed by the government of Ernesto Perez Balladares.

Iglesias will also meet with ministers of state, representatives of the Association of Panamanian Industrialists (SIP), Panamanian Association of Business Executives (Apede), Panamanian Construction Chamber (Capac), and other nongovernment organizations.

The IDB representative will meet again with Perez Balladares at the Presidency on 25 October to sign the $1.5 billion loan agreement for infrastructure and social programs.

Afterward, the president, Iglesias, and the ministers will hold a news conference at the Palace of the Herons.

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Argentina

French Foreign Minister Juppe Arrives on Visit

PY2610002994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2332 GMT 25 Oct 94

[FBIS Translated Excerpt] Buenos Aires, 25 Oct (NA)—French Foreign Minister Alain Juppe stressed today that his country "does not forget," adding that the recent statements in Congress by two Navy officers "will serve as an incentive for the French judicial branch" to continue its investigation into the disappearance of nuns Alice Domon and Leonide Duquet during the last de facto government.

Juppe said this during a news conference at San Martin Palace. Meanwhile, a group of Mothers and Grandmothers of the Plaza de Mayo tried unsuccessfully to meet with Juppe. [passage omitted]

Juppe arrived today in Buenos Aires. He was accompanied during the news conference by Foreign Minister Guido Di Tella. They referred to agreements they will sign on nuclear cooperation, education, and investment. [passage omitted]

Juppe explained that the reciprocal teaching of French and Spanish in France and Argentina is included in the cultural and educational agreements that he will sign. He indicated that he favors an agreement between the Mercosur [Common Market of the South] and the EU.

Asked about the possibility of investment in Argentina, he recalled that French enterprises participated in the privatization process in Argentina, but did not reject the possibility of new capital participating in the areas of productivity and services.

He said Argentina's negative balance in trade with France is due to the growth of our economy, which, he stated, at this time demands the purchase of capital assets.

Menem 'Will Not Pardon' Former Military Rebels

PY2510173194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1230 GMT 25 Oct 94

[FBIS Translated Text] Buenos Aires, 25 Oct (NA)—President Carlos Menem today said: I will not pardon the military painted-face rebels who are serving jail sentences for the 3 December 1990 military rebellion "while I am president."

The head of state thus answered former President Arturo Frondizi's request at Government House yesterday. Frondizi handed Menem a letter asking him to pardon [former Colonel] Mohamed Ali Seineldin and the other military men who are serving sentences for the most recent military uprising.

Menem said "there is a chance" we may resort to international arbitration to solve the border dispute with Chile on the continental glaciers zone.

Aldo Rico Named Modin Presidential Candidate

PY2510232994 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1136 GMT 23 Oct 94

[FBIS Translated Excerpt] Ushuaia, 23 Oct (NA)—Aldo Rico, the Movement for Dignity and Independence (Modin) leader, was nominated presidential candidate for the May 1995 elections during the Modin national convention held in this city.

The Modin leadership will officially launch Rico's candidacy on 25 October during a ceremony at the Buenos Aires Boxing Federation.

The Modin executive board that met between 21 and 22 October at the Glaciar Hotel in Ushuaia approved nearly all the points of the Modin platform. [passage omitted]

Bolivia

Officials Confirm Signing of Accord With IMF

PY2510143194 La Paz Television Nacional Network in Spanish 0100 GMT 25 Oct 94

[FBIS Translated Text] The agreement signed between the government and the IMF, by which almost $150 million was obtained, has not imposed any condition such as the laying off of public administration personnel or an increase in taxes. This has been confirmed by government officials.

The agreement, by which the IMF granted $148 million to Bolivia, implies financial support of macroeconomic stability, Finance Minister Fernando Cossio said. This money will not serve to finance projects or the structural reforms being carried out by the executive branch, but to favor the balance of payments.

Concerning fears about the imposition of certain conditions by the IMF on the $148 million granted, the finance minister denied such conditions and said that the IMF did not demand the dismissal of public administration personnel, as speculated, or that taxes be increased.

[Begin Cossio recording] There are no conditions, either by the IMF or the World Bank, with regard to reducing the number of personnel. The 1995-97 program does not foresee any increase in taxes, either. [end recording]

The finance minister added that the IVA [value added tax] will not be increased within the next two years. But will it be reduced, we asked him, considering that the reduction of the IVA from 13 to 10 percent was one of the electoral promises?

[Begin Cossio recording] In 1995 there will be no increase in taxes, but no reduction either. [end recording]

The Central Bank president has said that this agreement with the IMF will open new financial possibilities for private companies. This agreement will also guarantee or

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endorse future agreements that will serve to finance structural reforms and to pay the foreign debt, he said.

Cossio: $1 Billion Needed for Structural Reforms

PY2510181194 La Paz PRESENCIA in Spanish 15 Oct 94 p 9

[FBIS Translated Excerpt] Finance and Economic Development Minister Fernando Cossio has said that Bolivia will require $1 billion and approximately eight years to carry out the structural reforms such as capitalization, education reform, popular participation, and the reform of the social and health system, among others which the government of the ruling coalition wants to implement.

"The cost of said reforms over a period of eight years is estimated at $1 billion, and they will be financed in part with foreign support and in part through use of internal savings," he said.

He justified the Bolivian internal savings, stating that the government as of 1997 will no longer make investments in the area of companies that will be capitalized, that is, in the productive sector, but will be dedicated solely to the social aspect.

"We are going to find a balance to maintain the country's macroeconomic stability and implement the structural reforms and finance the cost of these reforms, he said. He added that he does not rule out the possibility that one of the projects to be carried out as soon as possible will be the Misicuni project, with the participation of the private sector.

He explained that the IMF has great interest in cooperating in the country's structural reforms.

"The IMF has great interest in cooperating in the reforms the country intends to carry out, considering that there is a convergence of objectives with that international organization," he said. [passage omitted]

Two Economic Development Councils Created

PY2510162894 La Paz PRESENCIA in Spanish 16 Oct 94 p 6

[FBIS Translated Text] Through a decree, the government has created the National Development Council [Consejo Nacional de Desarrollo] (Conade), "as an executive branch coordinating organization, responsible for proposing, deliberating, and preparing economic and social policies."

This council will be headed by the president of the Republic and will be made up of the ministers of foreign affairs, national defense, finance and economic development, human development, sustainable development, and environment, and by the secretariats of the government's economic and social sectors.

Its role will be to prepare economic and social development plans, to coordinate the national planning and public investment systems, to set the priorities for public investment, and to coordinate and make compatible the international economic policies to achieve the country's incorporation into world markets.

Through another decree, the executive branch has created the National Council for Macroeconomic Policies [Consejo Nacional de Politicas Macroeconomicas], which will be the organization in charge of "deliberating, preparing, evaluating, and proposing macroeconomic policies to be implemented in the country."

That council will also be chaired by President Gonzalo Sanchez de Lozada and will be made up of the finance and economic development minister and by the secretariats and institutions of the public economic sector such as INE [National Statistics Institute] and UDAPE [Economic Policy Design Department].

Poll Shows President's Popularity Dropping

PY2510215294

[FBIS Editorial Report] La Paz LA RAZON in Spanish on 15 October, on pages A8 and A9 carries an 800-word unattributed report on the Seventh Political Perception Poll conducted by the Bolivian Catholic University, UCB, in La Paz on 8 October. Of the 400 people interviewed, 57.5 percent have a negative opinion of President Gonzalo Sanchez de Lozada and 42.2 percent a positive opinion. His disapproval rate was 35 percent in June and 25.4 percent in August. The latest UCB poll shows that 50.5 percent believe the president is a reliable and honest person, compared to 51 percent in June and 58 percent in August. The decision by the Nationalist Revolutionary Movement, MNR, to remove Solidarity Civic Union, UCS, leader Max Fernandez from the government coalition met with 73.4 percent approval and 17.1 percent disapproval. When asked about the corruption problem, 45 percent said it has decreased, 42.5 percent said it has increased, and 10.6 percent believe it remains unchanged. Some 52.3 percent believe nepotism under the current government has increased while 11.8 percent believe it has decreased. As for the way the government handled the conflict with the coca growers, 46.8 percent believe it was handled badly or very badly while 41.2 percent believe it was handled well or very well. Since the UCB started polling popular opinion, Foreign Minister Antonio Aranibar appears as the most popular with the support of 10.8 percent and Minister of the Presidency Carlos Sanchez Berzain the least popular with 7.3 percent support.

The poll also shows that Government Minister German Quiroga appears as the second minister in whom the people have most confidence and second among the president's close aides in whom the people have least confidence. Of the 400 people interviewed, 43.5 percent believe the UCS is the least reliable of the seven parties of the governing coalition, while 29.1 percent believe the Conscience of the Fatherland, Condepa, is the least reliable. Moreover, 37.7 percent believe the MNR is the

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most reliable governing party. Some 52 percent said they have no confidence in Congress, 36.9 percent have little confidence, while only 8.8 percent have a lot of confidence in Congress.

ADN Denies Banzer Candidate for 1997 Elections

PY2510224894 La Paz PRESENCIA in Spanish 16 Oct 94 p 7

[FBIS Translated Text] Senator Jorge Landivar, acting chairman of the Nationalist Democratic Action (ADN), has stated emphatically that "Banzer has not been proclaimed a candidate because this would not be appropriate. The special assembly was convened to approve new statutes and electoral rules."

However, during the opening of the ADN special assembly on 15 October, it was Landivar himself who asserted that ADN "has the political party and the man (Hugo Banzer Suarez) to reach government in 1997." Landivar and other ADN leaders, such as Jorge Quiroga and Fernando Kieffer, thus made an early announcement of Banzer's candidacy for the 1997 elections.

Yesterday Landivar said the information was "erroneous and inaccurate," and asserted that Banzer had not been proclaimed a candidate because "he did not attend the assembly, for health reasons."

Landivar explained that the assembly approved new statutes establishing precise procedures for electing candidates to the presidency and vice presidency. "According to the new statutes, to proclaim candidates we must first hold primary elections. It is not just a matter of proclaiming anybody. There will be primary elections for every post, that is, for deputies, senators, councilmen, and municipal hall members," Landivar explained.

After denying that Banzer had been proclaimed presidential candidate, Landivar referred to the resolutions of the ADN special assembly.

He said: "We have approved new statutes and elected the national electoral board to start distributing identity cards to ADN militants for the upcoming ADN elections. The national chairman, three deputy chairmen, and departmental leaders will be elected during internal elections."

He added that the national electoral board will be formed by ADN members Guillermo Jimenez Gallo, Adalberto Violand, Willy Vargas, and Marcelo Perez Monasterios.

Brazil

Amorim To Attend Signing of Mideast Peace Treaty

PY2510230494 Sao Paulo AGENCIA ESTADO in Portuguese 2157 GMT 24 Oct 94

[Report by Diana Fernandes]

[FBIS Translated Text] Brasilia, 24 Oct (AE)—Brazilian Foreign Minister Celso Amorim will be the only Latin American government official to attend the ceremony during which the Kingdom of Jordan and Israel will sign a peace treaty in the Wadi al-Arabah on the border between the two countries on 26 October. Brazil is the only Latin American country to have been invited to the ceremony, which will be attended by U.S. President Bill Clinton and Egyptian President Husni Mubarak, who have already confirmed their presence. The other guests will be the foreign ministers of Germany, France, Greece, Spain, Japan, and Canada.

The treaty will end the post-war conflict between Jordan and Israel, laying the groundwork for a new phase of bilateral dialogue and cooperation. Under the treaty Jordan and Israel will establish full diplomatic relations, including the exchange of ambassadors, 30 days after ratification of the treaty by the two countries.

Brazil has been granted this special honor not only as Latin America's largest and most representative country, but also because of the Brazilian Government's historical position toward the conflict between Arabs and Jews. In 1946, under the presidency of Brazilian diplomat Oswaldo Aranha, the United Nations General Assembly approved the creation of the State of Israel in 1946. Brazil was also the first country in the world to recognize the Palestine Liberation Organization as the legitimate representative of the Palestinian people.

Cardoso Discusses Administration Plans in Hungary

PY2510162094 Sao Paulo AGENCIA ESTADO in Portuguese 1848 GMT 23 Oct 94

[FBIS Translated Text] Budapest, 23 Oct (AE)—No PT [Workers Party] members will be designated to ministerial posts in the future government. President-elect Fernando Henrique Cardoso today ruled out the possibility of inviting PT members to join his team. "The participation of the PT in the government would be inappropriate," Cardoso said. He added, however, that he is willing to negotiate with the PT over the constitutional reform. "We can negotiate without this involving political support from the PT," Cardoso said.

During a conversation on the banks of the Danube, in Saint Andrew, a city in the vicinity of Budapest, Cardoso said his electoral contender Luiz Inacio Lula da Silva will play a major political role over the next few years. "He is the PT leader," Cardoso said. He is certain that Lula will not adopt an inflexible opposition stance. "We never attacked each other," Cardoso noted.

The president-elect expects to have the support of the PT bloc—which became one of the largest blocs after the elections on 3 October—for approval of controversial bills in Congress. As an example, he mentioned the tax and social security reforms. "They will lend their support," he said.

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The Cardoso government will outline its political orientation after the runoff for governorships on 15 November. The president-elect has announced that he will formally express his support for the PSDB [Brazilian Social Democracy Party] candidates who are running in five states: Mario Covas in Sao Paulo, Eduardo Azeredo in Minas Gerais, Marcelo Alencar in Rio de Janeiro, Almir Gabriel in Para, and Albano Franco in Sergipe. Cardoso should also support PMDB [Brazilian Democratic Movement Party] candidate Antonio Britto, who is running against the PT candidate in Rio Grande do Sul. Cardoso believes, however, that his support will not be particularly important for candidates.

Before the runoff, Cardoso will stay in Brazil for a very short time. As soon as he returns from his private trip to eastern Europe—possibly on 29 October—Cardoso will spend one day in Sao Paulo; another day in Brasilia; and then depart for a tour of Mercosur [Common Market of the South] countries: Argentina, Uruguay, and Paraguay.

The result of the runoff will influence cabinet designations, based on congressional support and on the suggestions of government leaders in Congress. Cardoso, who does not want to be pressured, has refused to consider names for his future team. "I will pick ministers in 24 hours, and they will be advised at the last minute," he said.

The president-elect, who is more than 12,000 km from Brazil, has declined to speculate on the government structure. He evaded the subject by saying that "it is good to eliminate ministries, but I do not know whether this will produce any savings." A team of advisers to the president-elect is studying administrative reform.

Chile

OAS Envoy Denies Any Accord To Accept Cubans

PY2510225494 Madrid EFE in Spanish 1516 GMT 25 Oct 94

[FBIS Translated Text] Santiago, 25 Oct (EFE)—Edmundo Vargas, Chilean ambassador to the OAS, denied that Chile has agreed to receive Cuban refugees in Chile.

The diplomat, who denied U.S. press reports in this sense, stated that "the request has neither been made, nor has Chile made the offer."

The report stated that Chile, Venezuela, and Costa Rica, which have large Cuban communities residing in their territory, would be the countries most willing to accept Cuban refugees.

The United States is trying to find a home for some 32,000 Cuban raft people currently lodged at its military bases in Guantanamo (Cuba) and Panama. Panama has given the United States six months to relocate the 8,000 raft people it has accepted to lodge temporarily.

Mexican Legislators Back Chile's NAFTA Entry

PY2510224694 Madrid EFE in Spanish 1641 GMT 25 Oct 94

[FBIS Translated Text] Santiago, 25 Oct (EFE)—Senator Carlos Sales, who is heading a delegation of Mexican legislators currently visiting Chile, asserted today that the Mexican Congress approves of Chile's entry to the NAFTA.

Sales addressed the opening session of the Third Chilean-Mexican Inter-Parliamentary Meeting at the Chilean Congress building in Valparaiso, 125 km West of Santiago.

The Mexican senator said that all Mexican sectors actively participated in the NAFTA negotiations with the United States and Canada, even though their Constitution states that the legislative branch only participates in the final ratification of free trade agreements, which is also the case in Chile.

Sales believes all political, business, labor, and peasant sectors must participate in such a significant issue for Mexico.

In view of Chile's ongoing negotiations in search for a free trade agreement with the United States, either by joining NAFTA or through a bilateral agreement, the legislative branch has asked the government for a greater participation in the negotiations that are being conducted by the finance and foreign ministers.

Juan Gabriel Valdes, former Chilean ambassador to Spain, yesterday joined the negotiation team as a coordinator. The team is headed by Finance Minister Eduardo Aninat.

Regarding Sales's suggestion, Chilean Senate Vice President Ricardo Nunez pointed out the need for Congress to participate more fully in the negotiations and form a tighter relationship with the executive branch.

Nunez said he is hopeful about a proposal by a group of Chilean and U.S. legislators to their respective Congresses to form a binational Chilean-U.S. commission to negotiate Chile's entry to NAFTA.

France's Juppe Announces End of Visas, Signs Accords

PY2510180394 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 25 Oct 94

[FBIS Translated Text] French Foreign Minister Alain Juppe, who is visiting Chile, has said that as proof of the integration between the two countries, France will never again demand visas from Chileans.

Alain Juppe, a reputed center right politician, is a representative of the unusual French government of cohabitation. He is not a member of President Francois Mitterrand's Socialist Party but of Prime Minister Edouard Balladur's center right party.

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After meeting with President Eduardo Frei, Juppe signed three agreements with Chilean Foreign Minister Jose Miguel Insulza. One of these agreements establishes a permanent bilateral political consultation mechanism, while the other two seek to promote economic and cultural integration. Moreover, Juppe made the important announcement that France will cease to demand visas from Chileans as of December 1994.

Later, the French foreign minister visited the Moneda Metro station. Juppe was interested in inspecting the metro cars and operating system, which were manufactured in France. It must also be noted that a French company has been awarded the construction of Line 5 of the Metro system.

Finally, Alain Juppe walked to the Santiago city hall building. Despite his tight agenda, Juppe took some time off to sip a cup of coffee at a crowded shop on Ahumada promenade.

New Army High Command Announced; Garin Deputy Commander

PY2510174994 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 25 Oct 94

[Report by Jose Ignacio Aguirre]

[FBIS Translated Text] The Army promotions board meeting encompasses a series of assessments within the framework of which Army officers evaluated the men under their command. This process ended with the assessment made by the Army commander.

During a working luncheon which is ironically referred to by the military as the last supper, held at the Lo Curro military club, General Pinochet today informed those generals who will retire of his decision.

General Pinochet has accepted the resignation of the following eight generals, who, consequently, will retire: Lieutenant General Jorge Lucar, Army deputy commander; Major General Eterio Pavez; Major General Guido Riquelme, chief of the Santiago garrison for the past four years; and Major General Ricardo Gaete. The brigadier generals who will retire are: Juan Stuvens, Rene Vuscovic, Aurelio Palominos, and Ramon Valdes.

The following six officers have been promoted from brigadier general to general and thus they will be joining the Army High Command: Francisco Perez Eguer, Alejandro Martin, Emilio Timmermann, Hernan Nunez, Francisco Munoz, and Rene Norambuena.

As a result of these promotions and retirements, the membership of the high command now stands at 45 instead of 47. In view of his being the second most senior officer after Gen. Pinochet, Major General Guillermo Garin will be assuming his duties as Army deputy commander.

Finance Minister Addresses Congress on Economy

PY2510193894 Santiago EL MERCURIO in Spanish 8 Oct 94 pp A1, A23

[FBIS Translated Text] Valparaiso—Finance Minister Eduardo Aninat yesterday told Congress, in his first address on the public financial situation, that the economy is ready to resume its path of sustained growth and that the progress achieved will help reduce the 1995 inflation rate to 9 percent, at a growth rate of 5.8 percent, and with a public expenditure of 4.8 percent.

He said the current conditions of the national economy, with the strength of the world economy, mean our growth target is fully attainable and consistent with the inflationary objectives, and very close to a potential growth rate of 6 percent annually.

He said this years macroeconomic results allow us to reconfirm that exports are the driving force of economic growth and that 1994 exports are expected to grow by about 16 percent in terms of value, and by 10 percent in terms of volume.

He warned that although the collection of taxes has been affected by the deceleration of the economic growth, by the 1993 tax reform (revenue down by more than $100 million), and by Codelco [Copper Corporation] losses ($256 million), the central government accounts presented a surplus of 1.3 percent of the GDP during the first half of 1994.

He added that a positive fiscal balance will be maintained during the second half of the year, slightly up on what was estimated in the original 1994 budget, while maintaining the levels of current expenditures and committed investments.

He said the public sector will once again represent a significant contribution to the country's savings and investment efforts, estimating a public savings level for 1994 of approximately 4.2 percent of the GDP.

In his first explanation of the public finance—which lasted one hour and a half—Minister Aninat spoke before the Special Budget Commission. This comprises 13 senators and 13 deputies. He reaffirmed the basic pillars on which the government economic policy is based and outlined the basis of the budget policy for next year and the economic and social context which will be developed.

The 1995 budget bill for the public sector contemplates an income of 5,505 billion pesos and $1.134 billion in foreign currency. This totals $11 billion. Overall public expenditures are expected to increase by 5.5 percent in relation to this year, including public debt payments.

He referred to the adjustment process, to the macroeconomic situation, and to savings, investment, the capital market, and the country's growing potential. He also mentioned the development pillars, stressing especially the challenge of productivity, education, training, and

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infrastructure. He also discussed the issue of public finances, especially referring to the macroeconomic fiscal policy, and ended his address with an explanation of the 1995 budget bill.

Although the opposition sectors applauded and considered the address good, they also made several basic observations. They harshly criticized the obsolete and incomplete manner in which the budget law and the corresponding allotments were presented.

The right once again expressed concern because once the budget is approved by Congress, the government modifies it as it wishes, through a simple decree, beyond the control of Congress. Thus, the right once again proposed the need to amend Article 26 of the State Financial Administration Law to prevent the transfer of resources from one ministry to another through public fund allocations. It warned that this practice is unconstitutional.

The other observation by the opposition states that public expenditure will be higher than what was budgeted by the government.

Some government congressmen, however, rejected the criticisms by the right, but agreed on the need for a thorough revision of the transfer of funds. They asked for a revision of the policy on subsidies and suggested that the discussion on the budget relate to a longer period, of up to five years.

During the almost two-hour debate, Aninat said that many of the criticisms were unfair.

He referred to the macroeconomic results of 1994, stating that exports are the generator of growth and that it is estimated that in 1994 exports will experience a growth of about 16 percent in profits and about 10 percent in volume.

He stressed that an economic adjustment process like the one the Chilean economy has experienced is not exempt from costs, and the Government is concerned about the unemployment rate which rose to 6 percent in July of this year. He added that the economy is showing clear signs of growth, which will result in a gradual decrease in the unemployment rate. He said it is estimated that 120,000 new jobs will be created by 1995.

Aninat said despite a slowdown in the GDP in 1994, two macroeconomic variables will yield auspicious results. He said the investment rate will total 26.5 percent of the GDP at constant values, thus maintaining the same historic record achieved in 1993.

He announced the national savings rate will total about 25 percent of the GDP at constant values. He said this figure is about 1.5 percent higher than that achieved in 1993, the highest ever achieved in the history of Chile.

Regarding national savings, he said it is estimated that in 1994 private savings will grow compared with 1993. Despite the tax reform, incentives for private savings have increased.

Aninat said public savings will continue to make an important contribution to national savings. He said that in 1989, government savings totaled 13 percent of the total national savings while in 1994 it will total about 19 percent.

After stating it is not enough to have high savings rates, he said we should have more effective intermediary savings rates which should be increasingly handled through the capital market.

Regarding the projected 5.8 percent economic growth in 1995, Aninat said that in view of the current national economic situation and the strength of the world economy, this goal is achievable and also compatible with the inflation rate objectives. He said: "This will allow us to achieve a growth rate of about 6 percent per year."

Aninat admitted it will not be easy to achieve a 6 percent annual growth rate and that it will demand great sacrifice.

About the challenge of increasing production, Aninat said increased production is a requirement for a better distribution of wealth through wage increases and more jobs "which constitutes the main source of income for low-income sectors."

He said the government can make an important contribution to increased production by improving its own levels of efficiency. In view of this, he said, the modernization of the state is a priority objective in the government's socioeconomic agenda. He said: "The improvement of public services has a direct effect on the private sector's capacity to improve its efficiency and the well-being of society, particularly low-income sectors."

He stated that the public sector also faces the challenge of becoming more efficient. He said that while competing at the international level has forced Chilean companies to modernize, the public administration has not changed in the past 20 years.

Aninat added that although the military government implemented profound changes in the size of the state apparatus, it did not implement major operational changes at the government level. He said: "This caused an enormous imbalance between the current level of responsibility of the state and the real capacity of state organizations to meet these demands."

Minister Aninat explained that the 1995 budget bill will be implemented within a context more favorable than that of 1994, but that it must comply with more demanding goals of the macroeconomic policy.

He said the balance of the first half of 1994 shows that despite the virtual stagnation of fiscal revenues—the product of a modest expansion of tax revenues and a strong drop in the income obtained from copper—the moderate growth in the central government's current expenditure have helped maintain an overall positive

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budget balance and a public savings level of 2.6 percent of the GDP, thus financing the maintenance of the growth pace of public investment at a real rate of 12 percent.

He added that the public sector will again make a significant contribution to the country's savings and investment effort, estimating for 1994 public savings of 4.2 percent of the GDP.

Although estimates for 1994 show a slight drop in the added fiscal indicators compared with those of 1992 and 1993, he said it should be stressed that this is due to macroeconomic factors and not to fiscal policy decisions.

He explained that while in those two years fiscal revenues increased at an real average annual rate of 8.8 percent, both the economic adjustment and the drop in the average price of copper in 1994 will establish a considerably lower growth in fiscal revenues for this year, which is estimated at a little more than 2 percent.

Concerning the 1995 budget, Aninat said it must comply with more demanding goals—which implies overcoming the adjustment period of the economy, reaching an annual growth of 5.8 percent, cutting inflation to 9 percent, and maintaining the export dynamism.

He said 1995 public finances will be influenced by the 1993 tax reform trough a drop in tax revenues estimated at more than $100 million in 1995, the equivalent of 1.1 percent of 1993 tax revenues.

He confirmed that the government is fulfilling the tax agreement, in which it promised to control public expenditures and ensure that central government expenditures do not surpass the GDP growth rate.

Aninat provided further details of the revenues, expenditures, and budget balances.

He said current budgeted income represents 21.7 percent of the proposed GDP for 1995, while current expenditures are 17.9 percent of the GDP. This results in a current account balance—in public savings—equivalent to 3.9 percent of the GDP, a figure similar to that estimated for 1994.

He explained that budget incomes for 1995 are forecast at 3.6 percent above the 1994 estimate, adding that this growth will be controlled by two fundamental factors: Revenue levels will be influenced by the drop in personal income tax as a result of the tax reform, and increased economic growth.

Aninat asserted that the 1994 budget estimates a real growth of 4.8 percent in current spending.

Nevertheless, an economic analysis of the figures shows the overall increase in public spending, without interest, totals 6.1 percent for current spending and 16.3 percent for capital spending; which results in an average of 8.1 percent.

Aninat explained that two thirds of the central government's current spending is allotted to personnel, social security, and current transferences. Regarding personnel, he said the 1995 budget foresees only a 1.2 percent increase in public employment.

He said social security spending will experience a real increase of about 10 percent in 1995, thus justifying a 70 percent increase in current spending. This increase is caused by increases in the payment of awards [bonos de reconocimiento] and pensions, mainly associated with increases in pensions of the public sector.

The increase allotted for Central Government current transfers totals slightly more than 3 percent in view of the increases allotted to finance government subsidized education services.

Moreover, resources allotted to social programs will increase by about 8 percent.

Finance Minister Aninat gave a detailed account of the main programs that will be implemented within the framework of the 1995 budget, particularly those encompassed in the three priority areas: education, infrastructure, and production.

Aninat finished his speech by pondering the efforts the government is making to eradicate poverty and to improve the distribution of income; and particularly the efforts by policy administrators to make the social and economic program a success.

Legislators gave a standing ovation to Aninat who was on the podium with Budget Director Jose Pablo Arellano, and Budget Committee President Senator Andres Zaldivar.

A debate then ensued among Senators Sebastian Pinera (RN) [National Renewal]; Sergio Romero (RN); Carlos Ominami (PS) [Socialist Party]; Sergio Bitar (PPD) [Party for Democracy]; Sergio Diez (RN); Jaime Gazmuri (PS); Francisco Javier Errazuriz (UCCP) [Progressive Center Center Union]; Olga Feliu (designate); and Deputies Evelyn Matthei (independent); Tomas Jocelyn-Holt (DC) [Christian Democratic Party]; Aramando Arancibia (PS); Jaime Estevez (PS); and Andres Palma (DC).

Ecuador

President's Back Problem Increasing

PA2310011394 Madrid EFE in Spanish 1816 GMT 22 Oct 94

[FBIS Translated Text] Quito, 22 Oct (EFE)—The doctors of Ecuadoran President Sixto Duran-Ballen have confirmed the president's lumbar ailment has increased, even though he has repeatedly denied he is suffering from serious health problems.

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An official communique of the Ecuadoran Military Hospital has stated Duran-Ballen is suffering from a "degenerative stenosis of the spinal canal and a disk hernia between the second and third lumbar vertebrae, and this condition is causing him pain in the legs and forcing him to undergo a specialized multidisciplinary checkup."

Nevertheless, the doctors did not confirm rumors about possible surgery for the president, but they said they have placed him "under physiotherapy treatment and intensive medication" to avoid it.

He has also been instructed to get physical rest and to reduce activities. This instruction explains Duran-Ballen's absence in several official events.

Duran-Ballen underwent surgery in a Washington hospital 18 months ago precisely for his lumbar ailment.

According to the report, the postoperative evolvement of the president, who is 73 years old, was favorable until two months ago, "but his busy tour and activities through the Southern Cone have contributed to the intensification of his pain and the appearance of symptoms of mild neurological deficiency in his lower limbs."

Nevertheless, he continues to show off his good health in front of the television cameras and even humorously remarked he is "a man of seven lives." He made the remark after refuting, for the second time in less than a month, a news report stating he was dead. "I am a man of seven lives. I still have five left," he said, adding he has received a call from Geneva to confirm a report about his death. "I have been reported dead for the second time. This report has become just another story," he has told the local press.

A report last month about the president's alleged death caused a stir in Ecuador. He threatened at the time to penalize the medium that aired the news, but it has been impossible so far to determine who originated the rumor.

The doctors at the Military Hospital, where Duran-Ballen is being treated, have announced the doctor who operated on him in the United States will come to Quito in November.

FARC Elements Allegedly Involved in Kidnapping

95WR0006Z Guayaquil EL UNIVERSO in Spanish 10 Oct 94 p 17

[FBIS Translated Text] Quito—EL UNIVERSO learned here that the general manager of the Quito Motors main office in this capital, Eduardo Gutierrez, was released here by his captors, who collected the voluminous sum of 1 billion sucres ($500,000).

The businessman's kidnapping had been kept confidential, and the police did not intervene either, because this was requested by the victim's family members and demanded by his abductors.

It is known that two other cases involving prominent businessmen whose names are being concealed are still unsolved. They remain in captivity, subject to demands for the payment of large sums of money for their release.

Engineer Leon Febres-Cordero eventually disclosed these kidnappings in Guayaquil, requesting that the police authorities give the victims' names; however, this has not occurred. Even a military chief who is cooperating with the police in the battle against crime later claimed here that he had not heard about those abductions.

Long Negotiations

The relatives' negotiations with Gutierrez's captors lasted several weeks, but the final agreement was reached a few days ago, contingent on the payment of a huge ransom of 1 billion sucres. That sum is unprecedented in the history of this type of "industry," which has become entrenched in Ecuador.

During recent weeks, a combined police and Army operation succeeded in capturing two members with low status in an international ring that had kidnapped the Orense businessman, Servio Serrano. However, it was learned here that the kidnappers of the Quito Motors manager may be persons linked with the Colombian FARC [Revolutionary Armed Forces of Colombia].

For protection, the victims of these kidnappings prefer to remain silent, and the police do not know any details either. This has caused many of the kidnap victims to remain anonymous, and the crimes committed by the abductors and blackmailers to go unpunished.

The police have merely made suggestions to people who may possibly be in the sights of the kidnappers, but these are without positive results.

Debate Over Oil Pipeline Expansion Detailed

95SM0014A Quito HOY BLANCO Y NEGRO SUPPLEMENT in Spanish 18 Sep 94 pp 1-7

[FBIS Translated Text]—The expansion of the trans-Ecuador oil pipeline is the most significant infrastructure project that the national government has planned. It will have a value of $700 million, which Ecuador will have to pay sooner or later. This is the largest foreign investment project in recent years, by all accounts a major business deal in which both national and foreign investors will have an interest.

Minister of Energy Francisco Acosta defends this project passionately, citing the following reasons: The increase in oil production in this country demands such a project; it is economically beneficial to the country; and it is in keeping with the government's disinvestment programs. Two former ministers of energy are among the project's most important boosters.

Critics contend, however, that the Ecuadorian State Petroleum Enterprise (Petroecuador) does not have any

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trouble transporting crude oil at present, and it is making a profit of $13 net per barrel. It is the foreign oil companies operating in the Ecuadorian Amazon that are having problems, and the country has only a marginal share in their oil revenues.

According to the bidding conditions, the investor that is to build the expansion will recoup 60 percent of its investment before the project comes on line, because from the moment the expansion contract is signed, it will be able to charge tolls for the use of the existing pipeline. As if that were not enough, Petroecuador is supposed to subsidize transportation for foreign companies in the amount of some $1.5 billion over the next 15 years.

The alternative posed by experts outside the government is for the foreign companies to assess the value of the reserves and, under the terms of the contracts, make the necessary financial contribution to build a parallel, independent pipeline, which they would operate. Once the pipeline was amortized, it would then revert to the state, pursuant to the Hydrocarbon Law.

But the energy minister insists that we are in a crisis situation as far as the transportation of crude oil is concerned, and that granting a concession to a foreign company is advisable. "That is simply not grasped by those gentlemen who come out with flying colors and say the pipeline should not be built."

The controversy has not abated in the country's oil industry, and no consensus can be seen on the horizon. Meanwhile, the bidding has been postponed for the fourth time. The conflict is discussed on the following pages.

"It Will Explode"

"When they get rid of me tomorrow, I want it to be because the pipeline was expanded, not because it exploded."

These are the words of Minister of Energy and Mines Francisco Acosta Coloma, summing up the government's decision to carry out this project, the expansion of the Trans-Ecuador Oil Pipeline System (SOTE), which has been challenged from all sides but defended passionately by the minister himself and two former ministers.

But this is not a simple issue at all, since it involves the very backbone of the Ecuadorian economy, petroleum, which accounts for 50 percent of the general state budget and 45 percent of national foreign reserves. Hence, it demonstrates the importance of applying the proper criteria to the development of the country's reserves over time.

For this very reason, Acosta feels it is his responsibility to expand the SOTE. Otherwise, he warns, "it will explode."

The decision becomes much more complicated when the $700 million that the project will cost is brought into the equation. According to the bidding specifications, the successful bidder will have to finance that investment.

Why not have Petroecuador build the pipeline by getting a foreign loan?

Acosta says it is an indebtedness problem, since Ecuador has a foreign debt of $14 billion "and we cannot go further into debt, except for social projects." The contractor that undertakes this project, however, will not consider it a donation but a debt that Ecuador will have to pay.

The minister goes even further. Since it is his contention that expanding the pipeline is not the greatest business opportunity in the world, he says that even "if his ministry" had the $700 million, he would not carry out the project, but would prefer to bring Panacocha Tiputini into production, "which yields $12.00 or $14.00 per barrel." That oilfield has potential reserves of 800,000 barrels per day (b/d), and the proven and possible reserves could double that figure. Developing it takes time and money: "at least five years," say the experts.

What Projects Will Be Built?

According to the bidding conducted by the Ministry of Energy, in addition to the parallel oil pipeline ($250 million), the Villano-Baeza branch line ($240 million), the Santo Domingo-Libertad branch line ($135 million), and a tanker system in Lago Agrio and a tanker and monobuoy system in Balao ($75 million) will be built.

The construction of the tanker system is justified, because right now storage capacity is limited at Lago Agrio, and that hampers flexibility in the marketing that is done through "traders." Unofficial sources point out, however, that in the Amazon the Maxus Company has a storage capacity of 750,000 barrels, which means that storage is not a critical issue.

According to the minister, the tanker system at Balao and the monobuoys will make it possible to handle ships of more than 100,000 tons, the current limit. At the same time, the country will then be able to sell to the markets of the Asian "tigers" and eliminate the trip through the Panama Canal, which adds $4.00 a ton to the cost.

[Box, p 2]

The SOTE

The Trans-Ecuador Oil Pipeline System (SOTE) is a strategic mode of transportation for the national petroleum industry. It is 503 kilometers long and has an average width of 55 centimeters. Built in 1972, it has a maximum transportation capacity of 400,000 barrels per day (b/d). It has been operating for 22 years, 17 of them under Texaco ownership. During the time Petroecuador has been operating the pipeline, costs have come down and efficiency has been maintained.

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Not only is the oil transported, but it can also be quantified and loaded for export. That is the key to the Ecuadorian petroleum industry.

Ecuador saves $260 million a year by operating the SOTE, and earns fixed revenues of $120 million by charging a "toll," plus normal administrative handling.

How will that income be replaced when the pipeline is run by a foreign company?

The measures passed by Congress to reform the Hydrocarbon Law allow for bidding to be conducted for the management of the SOTE. Bidding conditions were made available to interested firms as of 23 March 1994. The opening of bids was supposed to take place on 25 May, but it was postponed to 25 July and then to 28 September. The preceding Wednesday, it was announced that the opening of bids would once again be postponed to mid-November. Sources in the oil industry say that hastiness in preparing the technical-financial aspects of the bidding conditions was what had caused the delays.

The expansion is supposed to be completed by 1997, when production will reach 468,000 b/d, according to official figures.

Influential Critics

Former Presidents Osvaldo Hurtado and Rodrigo Borja have objected to the bidding process, specifically the production reserves, rates, transfer of operations, and technical and financial aspects.

Other critics include former Ministers Gustavo Jarrin Ampudia, Rene Vargas, Oscar Garzon, Rafael Almeida, and Pablo Baquerizo. Another opponent is Raul Jaramillo, former manager of the Ecuadorian State Petroleum Corporation (CEPE). The project has also been criticized by the professional associations of geologists and petroleum and chemical engineers, the Association of Petroecuador Employees, the dean of the School of Petroleum at Central University, and several editorialists, including Alberto Acosta, Jaime Damerval, Rafael Diaz Icaza, and Nelson Villagomez, as well as the magazine EKOS, edited by Pablo Lucio Paredes, who served as secretary of the National Council for Development (CONADE) in this administration.

Determined but Cautious

In spite of that, Minister Francisco Acosta's position is clear: "In making this decision, I am answerable to the country, to Ecuadorians, to history," he told BLANCO Y NEGRO. "I think the expansion of our transportation capacity is something that has to be done; I am certain that it must be done."

But Acosta is both determined and cautious. If the figures quoted in the bidding require reduced revenues for the state, and if those who carry out the expansion of the pipeline charge more than the international standard, he warns, the bidding will be declared void, even if production definitely has to drop at that point "because there is no other alternative."

The minister also rules out the alternative proposed by some experts, that of lining the pipeline in the places where the pressure is highest. Although he admits that this could yield another 8,000 barrels of crude oil, "aluminum lining is not feasible because the pipeline is underground in those places." The sections in question lie between Lago Agrio and Papallacta. Other sources disagree with the minister, claiming that the pipeline is all above-ground except for two sections.

The cheapest alternative, emphasizes Acosta, is definitely the expansion of the pipeline. "And that is the decision," he says, meaning that with the submission of bids—and "the seven biggest groups in the world," including the Ecuadorian firm Tripetrol, are participating in the bidding—this multimillion-dollar project will begin. That is, if the opening of bids is not postponed once again.

Critical Point in December

Production levels are the most controversial aspect of the expansion of the SOTE.

Indeed, Mauro Davalos, the former national director of hydrocarbons, now a private businessman in the petroleum industry and one of the project's severest critics, warns that "it is precipitous and irresponsible to go forward with the expansion project, with an investment of nearly $700 million, because the petroleum sector needs investments for bigger priorities."

His arguments, he says, have to do with the conservation of reserves, the depressed prices that will prevail on the oil market this decade, strategic and operational considerations, the existence of viable alternatives that are quicker and cheaper, "and the fact that there is a high risk of getting involved in a preposterous and very costly project."

Davalos insists that there must be sound evidence that Ecuador will produce 450,000 b/d over the next 20 years.

Official Opinion

Minister Acosta has an answer for that. He says that at present, Ecuador is producing 390,000 b/d, which he considers a "record" figure, and that there are projection studies in which even conservative figures suggest that production will exceed 400,000 b/d.

Let us look at the bases for the minister's opinion:

- Service companies are already producing, and this is Ecuadorian crude, since Petroecuador pays them for the transaction. (Critics say that what matters is not to whom the oil belongs, but where the money paid for transportation ends up. They draw an analogy with banana production: "The bananas are Ecuadorian, but the transportation and exportation are not paid

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for by the state, but by the producer and the exporter.")

- In the past year, the oilfields have become "optimized," but "without reaching the point of over-drilling." Average drilling figures range from 25 to 30 percent.
- Crude oil production today amounts to 390,000 b/d, of which 356,000 goes through the SOTE and 34,000 through the Colombian pipeline. In the SOTE, friction reducers are used for high-density petroleum (from foreign companies), and the petroleum is also mixed with light crude produced by Petroecuador.

But herein lies the rub. According to the official version, friction reducers have their limits because crude oil is getting increasingly heavy. The Energy Ministry estimates that the total could go as high as 360,000 or 370,000 b/d, which, added to the 34,000 that goes through Colombia, would reach 404,000 b/d, the maximum amount possible.

That will be the critical point, then, because if that total is reached in December, they will simply have to "turn off the faucet," says Minister Acosta. "From January on, it will be necessary to 'prorate' production," he states.

Might this situation be precipitated in order to justify the expansion?

"Not at all," responds the energy minister, who maintains that "this would mean getting into over-drilling."

In contrast, specialists interviewed by this newspaper indicated that over-drilling is happening now. Evidence of that, they say, is the premature inundation of the Tivacuno and Bogi-Capiron oilfields, operated by Petroecuador, in just two months. Oilfields are inundated with water prematurely when production is forced improperly, they explain.

[Box, p 4]

Winners and Losers

The Trans-Ecuador Oil Pipeline (SOTE) costs $2.5 billion. The company that will build the expansion will operate the pipeline for 15 years. What profit will it earn?

The current rate charged for using the pipeline is $1.02, with a profit of $0.75 per barrel. And Minister Francisco Acosta has said that this rate will go up when the SOTE is in the hands of an oil company. He has mentioned the figure of $2.00 per barrel transported.

This means that for 450,000 b/d, the operating company will bill $900,000 per day. Over the 15-year period of operating the pipeline, that company will take in approximately $4.927 billion. In practice, Ecuador will have to pay that amount just to transport its own oil.

The operating company's profits will drive up the cost of transporting Petroecuador's oil. But the transnational companies, in which the country holds a small share, will find it easier to get their crude oil out of the country.

By the year 2012, when the pipeline reverts to the state, according to the Energy Ministry's projections, Ecuador will have 15 million inhabitants, production of 140,000 b/d, and a gigantic, unused oil pipeline and infrastructure.

"Impossible To Produce More Petroleum"

According to technical experts outside the government, it is impossible to produce 180,000 additional barrels over a four-year period. If that is so, in 1998 we will not have the 450,000 b/d that would justify expanding the trans-Ecuador pipeline. What is the basis for this assertion?

1. The Panacocha-Tiputini structural hub, which has the greatest potential for boosting production, cannot be incorporated into the network for at least five years. It will require a consistent policy of pushing the construction of highway and petroleum infrastructure projects, including 75 bridges, for example. The government does not have such a policy.

2. The INEFAN maintains that the development of new oilfields to increase reserves will take place in the Cuyabeno and Yasuni parks, which violates legislation protecting these areas and should not be done. These areas are part of mankind's ecological legacy.

3. The production ceilings set by the government (450,000 b/d) are unrealistic and unfounded, because the oil would come from the contractor companies and their oil wells do not cover the expected productivity levels.

4. The petroleum reserves that will guarantee that level of production are probable, not proven reserves. Thus, the official figures are based on expectations that are difficult to confirm, a kind of oil lottery.

5. The SOTE can in fact transport 400,000 b/d with a maximum investment of $150 million, by incorporating a turbine in each pumping station and increasing the storage capacity at Lago Agrio and Balao. This alternative is recommended by World Bank experts.

6. The rise in production over the last year has led to the over-drilling of the oilfields, which entails the risk of exhausting them in a short time, if not inundating them with water.

7. Given the amount of proven reserves and the rate at which the government proposes to continue drilling, by the year 2004 we will become importers of oil. There can be no certainty about reserves that are not proven.

8. Technically, the faster the oilfields are drilled, the less they will produce. In addition, the more water comes up with the oil, the greater the risk that it will be dumped untreated into the rivers of the Amazon Basin, although the law requires that the water be treated and reinjected into the subsoil.

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9. By 1997, when the expansion is supposed to be completed, production in the oilfields will begin to decline. When the pipeline reverts to the state, in 2012, our capacity will be 60 percent underutilized. Official projections call for production of 140,000 b/d, counting oilfields now being drilled, those not yet being drilled, and any fields that may be discovered. In other words, that will be the country's total capacity, which is not enough for the pipeline, as far as anyone can tell at present.

10. Maxus, Elf, and Arco, three of the international companies operating in the Amazon, do not expect production to remain sustainable for more than eight years.

Water and Oil

The issue of oil reserves is another bone of contention, because if there are enough reserves, the expansion is justified, if not, it is not.

Oil workers say the official figures "change from week to week," and it is impossible to determine precisely how much oil we will have in the future.

The National Office of Hydrocarbons, as of March 1994 (the latest data available), gives a figure of 1.923 billion barrels in Petroecuador's oilfields. In addition, there are the reserves discovered by the five foreign firms operating in the Amazon, which amount to 191 million barrels, for a grand total of 2.115 billion barrels. That is how much oil we have, proven and recoverable.

The PROBABLE reserves in the oilfields that have been discovered but are not producing amount to approximately 1.544 billion barrels. Of that, 1.050 billion barrels corresponds to Petroecuador. Then there are the reserves that have not been explored, which amount to 800 million barrels. But that figure can vary tremendously, because it is based on preliminary analyses.

In other words, there is a probability that we will have 2.350 billion barrels more.

Oil workers are skeptical, however: "It may be determined that incorporated reserves amount to that, but no one knows what kind of oil it is or how much water and how much oil is in the wells. Worse yet, given the foreign companies' failure to meet their production targets, we can be sure that it will be very difficult to get all that oil to the surface, at least in the amounts projected by the minister."

In a short time, oil reserves will begin to decline. By the year 2013, Petroproduccion will have reserves of 429 million barrels, and its production will amount to 88,444 b/d. As for the foreign companies (except for Maxus) that are already drilling, even official projections say that by 2013 they will have exhausted their reserves and will even have a shortfall of 5 million barrels.

Maxus

Maxus was assigned reserves of 400 million barrels to drill. But official technical reports indicate that in those oil reserves, 56 of every 100 barrels drilled consist of water, so only 200 million barrels of the reserves are recoverable.

Now, Maxus estimates that it will drill at a rate of 70,000 b/d, which means that the reserves will be exhausted in eight years, not the 22 years projected by the energy minister, oil workers say.

The same is true of the reserves that will be incorporated from the blocks awarded in the seventh round of bidding: We will not know for another five years whether there is oil in those blocks, and if so, what kind of oil it is.

In the 1980's, 100 barrels of liquid drilled consisted of 25 barrels of water and 75 of oil. By January 1994, the figure was 56 barrels of water and 44 of oil in every 100 barrels.

The experts say this means that the wells are running dry, and to get the oil out, "the pressure is being forced in the oilfields and there is water incursion in the deposits."

[Box, p 6]

Impossible Goals?

Petroecuador's studies of possible new oilfields, an unavoidable process in the expansion of the pipeline, indicate that estimated reserves are less than those predicted in the development plans of the companies that are drilling the deposits.

The state oil company contends that these firms are not fulfilling their development plans in the oilfields, are failing to meet their production targets, are behind schedule in bringing oilfields into production, and are drilling and developing at costs "astronomically" higher than those incurred by Petroecuador. [text missing] chronological," because petroleum infrastructure and access roads must be built, meaning that it will take longer to bring those areas into production. The third source of petroleum will be international companies, which will contribute 70,000 b/d. Given the difficulties they are facing today, there is no guarantee beyond the year 2000.

Because of these considerations, oil experts say it is practically impossible to guarantee production of 450,000 b/d for the next 20 years. And if there is no assurance of that, the investment of $700 million in expanding the oil pipeline should not be undertaken at this time.

Henry Llanes: "Reserves Inflated"

"The minister is manipulating the data to justify the expansion of the oil pipeline," claims Henry Llanes, general secretary of the Association of Petroecuador Employees (ASPEC).

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He is referring to the reports on reserves that the minister submitted to the National Congress. The minister is "inflating" oil reserves and production volumes, Llanes contends.

"Petroproduccion produces an average of 320,000 b/d of oil. And the companies are not meeting the targets they set at the beginning of their operations. So we do not see how the minister can be saying that we are close to 400,000 barrels of oil."

The expansion project calls for a ceiling of 450,000 b/d. According to Llanes, the minister is not using the oil companies' actual figures, but "the amounts they said they would produce in their operational plan."

Acosta is irritated by this "pseudo-leader." He says that ASPEC "represents maybe 5 percent of the workers in the sector." He calls Henry Llanes "a 45-year-old kid" in his third year of sociology studies. And although he says he has nothing against sociologists—"just in case"—he says the labor leader knows nothing about petroleum, that he is "totally ignorant about this matter."

On the other hand, a former official of this government (former Ministers Pablo Baquerizo or Andres Barreiro? Francisco Acosta prefers not to mention any names) who has also criticized Llanes, does not want to respond "for ethical reasons," because, having worked for the administration, he does not want to stir controversy. But he says that when he leaves the ministry, "he will have something to say about the matter."

Earthquakes and Politics

The government wants to build the parallel pipeline following the current infrastructure. Llanes recalls that the Febres Cordero administration, when it was considering building the branch pipeline to Colombia, noted, in addition to the incorporation of new reserves, that the area where the SOTE is located is risky and earthquake-prone. "But for the new project, these observations are no longer taken into consideration."

"There is also a political problem that is not being considered," says the spokesman for the oil workers. "In other words, since so much money has been invested, the company that will run the oil pipeline will have enough political influence in the country to impose governments that will defend its interests."

New Era of Cooperation With Colombia Highlighted

95SM0012A Quito HOY in Spanish 14 Sep 94 p 2A

[First sentence is HOY introduction]

[FBIS Translated Text] Investments and trade are only two facets of a network of increasingly complex economic relations.

The recent acquisition of the Consolidated Bank by investors from Colombia focuses a spotlight on the presence of Colombian capital in Ecuador's economy. This is one of many pieces of evidence of the new phase of economic relations between the two nations in the context of trade liberalization which is, however, still not free from problems and concerns.

Colombian capital is now invested in 330 Ecuadorian businesses, and in 1993 alone, the Central Bank of Ecuador authorized 67 new capital investments from our neighbor to the north, a number exceeding the 32 investment operations in 1992 and 38 in 1991, according to a recent report released by Colombia's diplomatic representation in Quito.

According to this source, it is clear that direct investment by Colombia may serve an important function in Ecuador as a source of financing and technological cooperation, as is happening in the fields of flower cultivation and construction. This report states that Colombia's Bank of Trade has financing lines available for private investment abroad.

Concerning the capital market, the report indicates that Colombia has about $14 billion for both national and foreign businesses, funds which could be tapped through the issue of stocks and bonds or titles secured by assets.

The report adds that this may provide a significant source of financing for industry and construction in Ecuador.

Trade has been strongly stimulated, but the trade balance in the last three years has been favorable to Colombia, a trend that has been in evidence since the second half of the last decade.

Statistics also show a steady decline in the trade deficit since 1991. That year the balance was unfavorable to Ecuador by $86 million. The following year the trade deficit declined to $68 million, and in 1993, it fell to $28 million. This year Colombian projections predict a $15 million trade surplus in Ecuador's favor.

Another salient feature is that petroleum sales are gaining in importance among Ecuador's exports to Colombia.

The Colombian array of products sold to Ecuador rose from 1,200 to 1,754, while the number of items sold by Ecuador rose from 320 to 846 from 1992 to 1993, according to the same diplomatic source.

Nontraditional products are taking on an increasing weight in trade between the two nations. They make up 85.8 percent of Ecuador's exports, while Colombia's nontraditional exports amount to 70 percent of its total exports.

As a market for Colombian products, Ecuador moved from ninth place in 1992 to fifth in 1993, though it remains far behind the United States, Venezuela, Germany, and Japan, which are Colombia's leading markets. And Ecuador was the seventh world supplier of

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Colombia, but it provided barely 2.4 percent of the goods Colombia purchased in 1993.

Trade liberalization is generating greater exchanges between the two nations, particularly of nontraditional products, but the trade balance is clearly favorable to Colombia.

On Other Fronts

Road construction, communications, transportation, petroleum, and undocumented persons are other phases of the process.

Economic relations between the two nations do not focus solely on investments and trade; they also involve other areas.

In communications and transportation, air traffic has multiplied in frequency and new routes have been opened. A bridge on the San Miguel River is under construction, which will open up a new direct route from eastern Ecuador to central Colombia, and the Pacific Coastal Highway Project has been started, which will link the coasts of the two nations.

An agreement for petroleum exploration and extraction along the borders has been signed.

Agreements have been signed on the legalization of undocumented persons, the repatriation of prisoners for humanitarian reasons, maritime, river, land, and air transit, and environmental protection, and progress has been made in judicial cooperation and energy integration.

However, some problems still remain. They are related to rules of origin, weights and measures, health and sanitation certificates, the standardization of these documents, industrial property, ground transportation, price ranges, sales of alcoholic beverages, and a common external tariff.

Recent Major Acquisition

The purchase of the Consolidated Bank by the Bank of Colombia is part of Colombia's outreach strategy into the Andean Group.

The Bank of Colombia acquired 80 percent of the Consolidated Bank of Ecuador for $7.2 million after negotiations lasting over one and a half months, the president of the Colombian banking group, Alvaro Jaramillo, reported in Bogota.

Jaramillo explained that these negotiations will enable the Bank of Colombia to support trade between the two countries, which last year came to $200 million.

The president of the Bank of Colombia believes it is essential for Colombia's banking sector to be located in regions where Colombia is acquiring commercial importance.

Future Projects

Jaramillo also announced that in the future the Bank of Colombia's strategy will be to expand toward nations of the Andean Group, with Peru and Venezuela as a priority.

The Bank of Colombia now has branches in Panama, Miami, and the Cayman Islands.

Jaramillo, who went to Ecuador for the conclusion of the negotiations, announced that the name of the Consolidated Bank will be changed to that of the Bank of Colombia, and that an infusion of capital of about $2 million will be made.

The Bank of Colombia belongs to the Gilinski Group, and its profits in the first half of 1994 were approximately $28 million.

Peru

Fujimori: Country Among 5 With Highest Growth Rate

PY2510140794 Madrid EFE in Spanish 0227 GMT 22 Oct 94

[FBIS Translated Text] Lima, 21 Oct (EFE)—President Alberto Fujimori stated today that the country's gross domestic product (GDP) will grow 9.7 percent in 1994, and thus Peru will be among the five nations with the highest economic growth rate in the world.

Fujimori referred to such figures as projected by the U.S. consulting firm "Morgan Stanley," and added that these projections "are the best evidence of economic stability in Peru."

The Peruvian president added that initially the predicted growth rate was 4.5 percent of the GDP; this was later revised to 7 percent, while now it is said that the increase will reach 9.7 percent.

During a speech to small and medium-sized business owners, which is reported by the "ANDINA" state news agency, Fujimori added that those figures "reflect the future that is expected in Peru, and that is increasingly attracting investors."

"If there is macroeconomic growth, it will be gradually extended to all social areas," the president said in his speech.

Dinandro Seizes 1.5 Metric Tonnes of Cocaine Paste

PY2510172994 Lima EXPRESO in Spanish 8 Oct 94 p 12A

[FBIS Translated Text] Ayacucho Antidrug Division [Dinandro] agents have seized 1.5 metric tonnes of washed cocaine paste ready to be shipped to Colombia.

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The cocaine paste was purified in an electronic harvesting machine found in a sophisticated laboratory located in the village of Canayre, Huanta Province.

The police incursion was conducted after several weeks of investigations carried out on the basis of information obtained by Dinandro counterintelligence agents who, posing as suppliers of inputs, learned that there was a laboratory owned by an individual identified as "Negro Azul."

Serafino Lazo Calixto (18), Maximo Julca Choque (22), and Julio Espinoza Rodriguez (48) were arrested during the operation, which was conducted with the support of one helicopter from the Second Army Infantry Division and in the presence of Prosecutor Walter Willar Carbajal. When the hut was searched, the drug was found stored in black plastic bags.

In another specially reconditioned room, Dinandro agents found an electronic corn harvester to which the drug traffickers had adapted a round metal sifter. The harvesting machine operated with a sophisticated 60-watt, 2-horse power "Salvato" generator.

In addition, the agents found two Marlin firerams and Universal Hialgah [name as published] semi-automatic high-precision sawed-off carbines with telescopic lens, some pouches containing 20 and some containing 30 cartridges, 20 grenades, and ammunition of diverse calibers.

They also found scales where the drug was weighed and bottles containing lye, calcium carbonate, hydrochloride acid, and other inputs used in the manufacturing of cocaine.

According to information supplied by those arrested, it was learned that the laboratory was set up over one year ago by a Colombian, and that since then the drug that was produced was shipped to the Cali cartel. The shipments were made in an area near Canayre under the protection of armed groups which the police believe are comprised of Shining Path members.

Moreover, members of the fifth Infantry Jungle Division arrested four drug traffickers and destroyed three hectares of coca plantations and two maceration pits located in Borja, Monseriche, Upper Amazonas Province, Loreto Department.

The drug traffickers who were arrested have been identified as Pedro Cordova Pinedo, Eleuterio Aladino Torres del Castillo, German Shapiama Sinti, and Luis Enrique Correa Vela.

The operations were conducted in the presence of a judge and the San Borja lieutenant governor. Later, the Condorcanqui attorney general arrived along with Peruvian police force members.

The police also disrupted a drug traffickers ring that used jungle rivers to transport drugs. During this operation, the police seized 242 kg of cocaine paste valued at more than $250,000.

A police patrol headed by Commander Harold Guevara spotted five individuals behaving suspiciously on the Espino River, near the village of Cachicoto. When they became aware of the police presence, the five escaped in different directions toward the jungle.

During the inspection of the site, the police found a coca maceration pit hidden in the vegetation. The police also found chemical precursors such as 40 gallons of kerosene, 20 containers of sulfuric acid, and 10 gallons of ammonia.

After a further search of the area, the police also found six camouflaged black plastic sacks containing a total of 242 kg of cocaine paste valued at $250,000.

Election Campaign Notes 12-18 October 1994

95SM0027A Lima Resumen Semanal Press Review in Spanish 20 Oct 94 p 1

[From DESCO Database; received via Internet]

[FBIS Translated Excerpt] [Passage omitted]

Two Surveys

If the elections were held now, President Fujimori would obtain 46 percent of the votes on the first round, as compared with 29 percent for his closest competitor, Javier Perez de Cuellar (JPC), according to an opinion poll published by APOYO, S.A. In this poll, the presidential candidate of the PPC [Popular Christian Party] dropped to fifth place, a position shared with Susana Higuchi, Alejandro Toledo, and Raul Diez Canseco. Each has 2 percent. The competitors closest to the "strong" candidates, according to APOYO, are Ricardo Belmont Cassinelli and Mercedes Cabanillas, with 3 percent each. (LA REPUBLICA 17 Oct 94)

According to the most recent IMASEN survey, the composition of the slates has caused a slight change in the voting plans of the citizens of Greater Lima, giving President Alberto Fujimori a 19-point advantage over his closest competitor, Javier Perez de Cuellar. The president-candidate was the choice of 45.6 percent of those consulted, while the figure for the former secretary general of the United Nations was 26.1 percent. Fifteen days earlier—at the end of September—the weekly IMASEN poll showed that 46.3 percent of the votes would go to Engineer Fujimori, and 26.62 percent to Javier Perez de Cuellar. However, the most novel aspect of the latest IMASEN poll was the ranking of the PPC candidate, Lourdes Flores Nano, who at this point in the electoral process has risen to third place in the voting preferences of Lima citizens, even with only 3.4 percent. Ricardo Belmont ranks fourth in the voting intentions of the citizens of the capital, with 3.1 percent, followed by Mercedes Cabanilla (2.8 percent), Raul Diez Canseco (2.8 percent), Susana Higuchi (2.5 percent), Alfonso Barrantes Lingan (2.2 percent), and others (2.2 percent). (LA REPUBLICA 16 Oct 94)

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President Fujimori's Statement

President Fujimori has expressed the view that the application of 27 presidential candidates for registration shows that there is full and absolute democracy in Peru. Speaking in the Villa San Francisco settlement, in Santa Anita, the chief executive rejected the request by opposition sectors, including his political opponent Javier Perez de Cuellar, that he resign as president to pursue his electoral campaign. "They are asking me to go out among the people, but I have been there for more than four years, launching projects and working for the people," he emphasized. "What they want is for me to cease to govern for the people," he stressed. "It is a great satisfaction for me to be among the humble people, who have suffered years of neglect," the president said. (Most dailies 13 Oct 94) [passage omitted]

JPC Warns Fujimori

On 13 October, in Chimbote, Javier Perez de Cuellar warned the chief of state that if he were to make use of his presidential authority in the current electoral campaign, he would be guilty of fraud. He maintained that fraud is not perpetrated solely when a citizen casts his vote and that vote is manipulated. It can also occur in the course of an electoral campaign, when the authority and the apparatus of the state are used to promote a candidacy. "If Fujimori exploits his authority, which I hope will not be the case, he will be committing fraud. And there is a need for the clearest possible definition of the activities in which the president should participate and which are not the business of a candidate. At present, we have two individuals in one, and it is essential that Mr. Fujimori not make use of President Fujimori for his campaign," JPC emphasized.

Concerning the vice-presidential candidates, JPC said that if he is elected to office, he will assign them duties that are of primary importance, rather then purely decorative. He would assign the responsibility for vigilance and supervigilance over the actions of the government to Graciela Fernandez Baca and Guido Pennano. He also said that national pacification should move forward, but "setting aside militarization in order to leave the way open for social work." (Most dailies 14 Oct 94)

JPC Emphasizes Agriculture

Speaking in Huaraz on 14 October, Javier Perez de Cuellar said that "more than infrastructure projects, the poor people of Peru urgently need bread, health, and work." "If the Peruvian people elect me as their president, I will allocate the highest priority to agriculture, so that the peasantry can obtain inexpensive credit and all of the assistance they need," the diplomat stressed. Perez de Cuellar said that this is the third time he has visited the Huaylas corridor, but he regretted to see that on the threshold of the 21st century, many years after his first visit to the region, the extreme poverty of the people has not changed. "Nothing has improved. The situation of the peasantry continues to be what it was. Great effort must be devoted to ensuring the well-being of the people," he noted. (Most dailies 15 Oct 94)

On 16 October, Javier Perez de Cuellar reiterated his certainty of winning in the general elections on 9 April. At the same time, he minimized the importance of the results of the recent surveys that show him running second to President Fujimori. "That is the sport—to lag behind in order then to overtake and win. I therefore do not mind being behind if I am going to win in the end," Perez de Cuellar told journalists after a tour through various settlements in the district of El Agustino. "No one enters a race unless he is certain he will win." The former secretary general of the UN visited the 7 October, 9 October, Bella Luz, Cerro El Agustino, San Cayetano, and Santa Maria settlements, as well as Ancieta Baja, and that on the left bank of the Rimac River. (Most dailies 17 Oct 94)

Intelligence Service Accused

On 17 October, Mrs. Susana Higuchi charged that a boycott is under way designed to prevent her registration with the National Election Board. She based her charge on the disappearance of the names of supporters contained on a number of computer diskettes. According to the candidate of the Harmony Movement Century XXI, it is suspicious that on Thursday, 6 October, after the blackout and when about 192,000 names had been entered in the computer, 147,000 were erased, and a number of segments of the computer memory were deleted.

"Electoral fraud in connection with the coming 1995 elections has begun, and a campaign reported to be sponsored by the National Intelligence Service is basically intended to block my candidacy," she said. She urged the highest electoral body to verify the facts and to implement Article 63 of the Electoral Law, establishing a period of 10 days for the correction of any shortcoming found. This would make it possible to gather a larger number of signatures. (EL COMERCIO, GESTION 18 Oct 94) [passage omitted]

Fujimori Retracts Accusation

President Alberto Fujimori charged that the SL (Shining Path) has infiltrated even the highest levels of the judicial branch and the universities. He made this statement after revealing that National University Rector Hermilio Valdizan in Huanuco and the president of the Huanuco Superior Court have sought relief under the Repentance Law. The chief of state made no secret of his discomfort at having to reveal the militant subversive activity of the two officials, particularly that of University Rector Hermilio Valdizan. At the same time, he recalled the curious deaths of students and professors that have occurred at that institution of learning in recent weeks. He also noted that the president of the Huanuco Superior Court had decided to confess and to take advantage of the

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provisions for those who repent. "When arrested by the authorities, both men made this decision," he said. "Let no one tell me this was due to pressure, because they have now made their statements. The level of their participation is being investigated, but they definitely did participate, and I am certain that other judges as well were influenced, as they were," Fujimori said. (EXPRESO, GESTION 17 Oct 94)

The following day, however, President Fujimori admitted he had made a mistake in naming the president of the Huanuco Superior Court, Humberto Cajahuanca Vasquez, as one of the individuals arrested for terrorist crimes. He explained that the individual in question was, instead, Luis Galindo Cardenas, the ranking provisional member of that court. "I believe I suffered a lapse when I said that the president of the Superior Court was involved." This was how the chief executive attempted to explain the mistake he made in his radio statement. (Most dailies 18 Oct 94)

The Political-Military Command of the Huallaga Front, for its part, confirmed by means of an official communique numbered 068/RRPP/F-H and dated 17 October that University Rector Hermilio Valdizan, Engineer Abner Chavez Leandro, and Luis Galindo Cardenas, a member of the Huanuco Superior Court, had been arrested and had subsequently had recourse to the Repentance Law. (EXPRESO, LA REPUBLICA 18 Oct 94) [passage omitted]

Budget for Second Round Eliminated

On 11 October, the president of the National Election Board, Ricardo Nugent, announced that the government had eliminated the allocation for the financing of the second electoral round from the draft budget law. He said that this action might reflect the certainty on the part of the executive branch that someone will win on the first round. He deemed this measure somewhat inconvenient, politically speaking. For this reason, he urged that the budget allocation be reinstated. This would allow the electoral process to proceed in an atmosphere of greater calm, free of any suspicions proved by someone's "guess" that there will be no second electoral round. (LA REPUBLICA 12 Oct 94)

Harmony Century XXI

About 80 percent of the base organizations of Change 90 have voiced their direct support of the presidential candidacy of Mrs. Susana Higuchi at the head of the independent group called Harmony Century XXI. This was announced by Mrs. Higuchi herself following her presentation of the two other individuals on her presidential slate, which has been provisionally registered with the National Election Board. The two individuals are the lawyer Luis Abelar, from Renteros, the candidate for the first vice presidency; and Eduardo Minguillo Guevara, a Piura industrialist and regular collaborator of the Foundation for the Children of Peru, the candidate for the second vice presidency. (Most dailies 10 Oct 94)

CODE-Possible Country Movement

Alejandro Toledo Manrique, the presidential candidate of the Possible Country Movement, found his participation in the 1995 general elections facilitated after establishing an alliance with the group known as Democratic Coordinating Board (CODE), which is headed by Congressman Jose Barba Caballero. In this way, Toledo overcame the setback caused by the vetting of the list of signatures in support of his candidacy. This "political choice," however, does not imply any compromise on the part of Toledo and Barba, as they both made clear during a press conference. Barba emphasized the "unconditional" nature of the transfer of the leadership and conduct of the CODE to Toledo and to the Possible Country Movement. He said that from now on, Toledo and the members of his Possible Country Movement will determine the path of that group, which Barba founded in connection with the elections for the Constituent Congress. (Most dailies 12 Oct 94)

Later, Toledo said that the establishment of a bank to support microbusiness and small business in Peru would make it possible for these sectors to develop as a key factor in overcoming the current economic recession. He appealed to the government to give the privatization process "a human face," rather than making it a synonym for massive dismissals. In this connection, he suggested that a state body be established and given the responsibility for arranging the job placement of the thousands of those dismissed as a result of the sale of the public enterprises. (GESTION 17 Oct 94)

IU Electoral Alliance

On 11 October, the United Left (IU) registered its presidential slate, which is headed by Alfonso Barrantes Lingan. Barrantes went in person to the National Election Board office to request registration of the slate, which includes Agustin Haya de la Torre and the physician Max Cardenas as the candidates for the first and second vice presidencies, respectively. Barrantes said that the presidential slate submitted represents the "united will" of the base organizations of the IU, "whose maturity has made possible the reunification" of this political group. He said that in this way, divisiveness has been buried, and that now, under the banner of unity, the IU is seeking to serve the people again with the same energy and fervor as in the past. (Most dailies 12 Oct 94)

Enrique Bernales, for his part, warned that "the United Left will have a chance of recovering its political space only if it modernizes itself further and adopts critical positions and thoughts, abandoning such nefarious aspects as the class struggle, the dictatorship of the proletariat, and statism at all costs, which have now failed." Bernales added that "Marxism has nothing to offer the world, either in Peru or anywhere."

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Concerning the primary elections held by the IU to choose its presidential slate of candidates for office in the elections next April, Bernales termed it a positive step, "but only the first in a whole network based on a series of complex mechanisms." "I salute the intent, but let us not confuse matters. The system of primary elections in which the parties are, in themselves, open structures practically without militants, has not yet been applied in Peru. This is a serious organic system that takes time, that requires legislation and cannot be improvised. What has existed is mini-primary elections," he said. (EXPRESO 14 Oct 94)

OAS To Participate

On 12 October, the Democratic Constituent Congress (CCD) agreed to ask the executive branch to take the required steps to invite an Organization of American States (OAS) mission to observe the proceedings during the general elections in April of next year. It was also decided by a majority at the plenary session that the Congress should invite the parliamentarians of other nations to be present for the same purpose (EL COMERCIO 13 Oct 94) [passage omitted]

Other Parties

On 17 October, Lourdes Flores Nano, the presidential candidate of the PPC, announced that she will propose that the private sector invest in agriculture, small and average business, and tourism. She added that "these are the principal guidelines of our plan of government to create jobs in the country.", she added. She also said that if she becomes president, she will make the health and education sectors a priority.

Speaking in Moyobamba, Raul Diez Canseco, the Popular Action (AP) candidate, announced plans for the settlement of the jungle based on the establishment of an agricultural development bank. He also said that he will promote the implementation of integral growth projects and the reestablishment of the tax incentives for the development of industry in the jungle zones.

And the candidate of the Aprista Party (PAP), Mercedes Cabanillas, voiced her support of the aspirations of the residents in the Grau, Loreto, and Ucayali regions for restitution of their allocated portion of the oil royalties, which was cut when the 1993 Constitution was drafted. (GESTION 18 Oct 94) [passage omitted]

Papers, Politicians View Election Campaign

95SM0028A Lima Resumen Semanal Press Review in Spanish 20 Oct 94 p 1

[From DESCO Database; received via Internet]

[FBIS Translated Excerpt] [Passage omitted]

A Clear Definition

EXPRESO (12 Oct 94) has said: "Some of the slates carry an eloquent message. With the names included on his slate, Perez de Cuellar seems to confirm the basic line of his thinking, and what his true political position would be in the future. Perez de Cuellar has concluded his venture into the realm of the left, heeding those who believed that this closeness would deprive him of more votes than it would win for him. The break is painful for those who had nurtured illusions, but it is reassuring to those who hope that Perez de Cuellar will establish a clear position, leaving the appeal for a concertation, deemed too romantic or idealistic, in no-man's-land."

"In the Fujimori Camp"

Mirko Lauer has expressed the view that "beyond independence, the message personalities such as Fernandez Baca (Cuzco) and Pennano (Callao) are sending to the country is quite clear. Fernandez Baca is an expert on the poverty figures, and Pennano directs a successful television program on small businessmen. Both enjoy prestige in the economic sphere. Neither of the two should cost Perez de Cuellar a single vote. However, the selection has an anticlimactic flavor. But this is also because the public in general had high expectations of the slates—all the slates. It was hoped that they would be representative of the political forces. All of them have in the end expressed perceptions rather different from what the voters seem to want. Perez de Cuellar's decision, as well, confirms that he has opted to remain in the political center, through a relationship with the social organizations at the base level, without the intervention of the political parties do not exert an influence. And to obtain the votes of decisive importance to his triumph, he has gone into Fujimori's own camp. And he has done this in the belief that all of the other votes, that is to say the partisan votes, will return to him on the second round." (LA REPUBLICA 12 Oct 94)

Multiple Candidates

GESTION (13 Oct 94) expressed the following view. "Where the municipalities are concerned, the participation of multiple candidates is a positive thing, but when it comes to the highest post in the country, this could create serious difficulties both for the electoral authorities in the preparation and the actual distribution of the ballots, and in connection with the administration of the electoral process. It is essential that the JNE [National Election Board] launch an intensive campaign to educate the voters. It should not be forgotten that 11 percent of the people are illiterate but have the right to vote. The period between now and January will allow for reflection in connection with the registration of parliamentary candidates. It is believed that in this period of time, a contemplative approach can be adopted so as to make the legislative branch dynamic and productive, with members characterized by moral ability and recognized professional capacity. This entire complex process requires that adequate financial resources be allocated to the JNE, so as to allow it to become efficient and to plan for a possible second round in May of 1995."

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Real Collective Irresponsibility

Henry Pease has said "I regard the existence of 27 presidential slates as evidence, in itself, of real collective irresponsibility. However, this is the result of legislation that promoted this multiplicity, because it is very difficult to compete on the parliamentary level with slates that claim to offer a 'program,' while in fact they are merely 'decorative.' We shall see. But beyond the fact that they are somewhat anecdotal, the parties that were participants in the democratic opposition have ended up playing Fujimori's game in order to avoid reducing the extent of his parliamentary representation. While this is legitimate, it is inconsistent with the radical nature of their arguments against dictatorship. Any analysis will reveal that the only alternative to Fujimori is Javier Perez de Cuellar. His slate confirms his decision to remain totally independent of the parties. The treatment accorded Daniel Estrada was a mistake, and it pains me particularly, although, as is the case with him, it does not alienate me from Javier Perez de Cuellar. It is necessary to create the right conditions to ensure that the parties can have a place. And Javier Perez de Cuellar's slate may have a chance if he does not let himself be led by the nose by some politicians with no party affiliation, or by the daily newspaper that supports Fujimori." (LA REPUBLICA 16 Oct 94)

Fujimori's Petty World

Francisco Igartua (OIGA No. 713, 17 Oct 94) says that "there are few citizens in this country who were not astonished at the avalanche of candidates for the presidency of the Republic. And it seems that they will be even more amazed at the flood of hopefuls who would like to win seats in the unicameral Congress established by a constitution that was the work of the CCD (Democratic Constituent Congress). To what is this torrent of candidates due? To one very simple thing. It is the fact that this National Reconstruction regime, the product of the 5 April 1992 coup d'etat, has achieved one of its basic goals—to destroy, to crush, to bring about the disappearance of the Peruvian institutional system, still incipient and full of shortcomings requiring correction, but a foundation for the future. Within a short time, the institutional armature of the Republic has been brought down. So that any citizen, with no ties at all to the organized community, feels capable of seeking presidential or parliamentary office with the sole support of a group of friends or some business partner as a sponsor. This is the natural response, given the underdeveloped environment in which we live, to the petty world imposed by Fujimori and his military associates, in the face of a problem that has occurred at various times and in many parts of the world in periods of doctrinary crisis."

Fujimori's Interesting Choices

The weekly periodical CARETAS (No. 1333, 13 Oct 94) reported that "President Alberto Fujimori has surprised those on both sides of the fence, including supporters who until just a few hours earlier had been critical of the government. Fujimori wanted to give the impression of a "renewal" policy and to put significant emphasis on issues other than the control of inflation and terrorism, which have been pushed aside on the political agenda. It cannot fail to be interesting that he chose two individuals of humble origin who have been successful in their respective careers. And who, above all, had just a few days earlier been voicing criticisms of the government."

Unfair Market Competition

Mirko Lauer expressed the following view. "Fujimori himself knows that the idea of continuity is winning him no sympathy, and he has flanked himself with a pair of artificial candidates for the vice presidential posts. His purpose is to make it seem as if he is running for office for the first time, and that the wear and tear evident among the personnel in his executive and legislative branches is a thing of the past. Every time that Fujimori has climbed into a car, or obtained media coverage, or presided at a ceremony since his slate was registered, he has used public resources (in other words, private funds turned over to the treasury by the taxpayers) to achieve a strictly personal goal. This is something that would have led the INDECOPI to train its sights on him, under normal circumstances. A typical case of unfair market competition. To the extent that Fujimori has spent the last four years uninvolved with his commercial interests, living on his salary as president, and supporting his children who are studying abroad, it is obvious that he does not have personal adequate resources to carry a presidential campaign forward. What he does have is the resources of the state." (LA REPUBLICA 13 Oct 94) [passage omitted]

Uruguay

Education, Social Security Plebiscites Set for 27 Nov

PY2510230694 Buenos Aires TELAM in Spanish 2125 GMT 24 Oct 94

[Report by unidentified correspondent]

[FBIS Translated Text] Montevideo, 24 Oct (TELAM-SNI)—Two plebiscites will be held concurrently with the national general elections on 27 November in Uruguay. The plebiscites seek to modify the Constitution on the educational budget and the social security system.

The two plebiscites, which are promoted and endorsed by social and labor organizations, have placed the Uruguayan political sector in a very tight spot. The growing role and influence of unions and pensioners' associations in the affairs of state is being closely watched.

The greatest concern today among the presidential candidates is that on 27 November the population will

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approve the so-called "educational plebiscite," which seeks to award the educational sector with at least 27 percent of the state budget.

Constitutional reform, which is being promoted by educational unions and which at the moment is supported by the population, is now being categorically rejected by all political parties—with the exception of the leftist coalition Broad Front.

The educational plebiscite has for the past few days monopolized the election campaign debate.

The National and Colorado Party presidential candidates are urging the population in every possible way to vote against this constitutional reform. They agree in that if the reform is approved the Uruguayan economy "will suffer a catastrophe."

Official estimates state that to fund an eventual granting of 27 percent of the state budget to the educational sector, the present 22 percent VAT will have to be increased to 32 percent.

The defenders of the reform, the unions and the Broad Front, reject the arguments of the National and Colorado Parties, saying that, for reasons "of social justice," Uruguayans should vote in favor of the constitutional reform in the educational sector.

Tabare Vazquez, the Broad Front's presidential candidate, denied that "VAT must be increased by 10 percent" to grant 27 percent of the budget to the educational sector, adding that the resources can be obtained by "combating fiscal evasion."

Currently Uruguay grants 19 percent of the budget to the educational sector; an increase of 5 percent during the tenure of the current government of Luis Alberto Lacalle, and 8 percent since the return of democracy in 1985.

If constitutional reform is approved, the next government will have to find an additional $400 million per year.

The other plebiscite that will be held on 27 November, which is being promoted by the associations of pensioners, deals with the abrogation of all laws and decrees regarding social security that the National Party government approved during the past 5 years.

This constitutional reform has the support of nearly all the opposition and it is rejected by the candidate of the official party (Herrerism), Juan Andres Ramirez.

The result of this plebiscite does not worry the political leaders too much because they agree that the first law to be approved by the new government that is elected on 27 November must "substantially modify the current social security system."

Volonte Platform Seeks To Enhance Armed Forces

PY2610015794 Montevideo EL OBSERVADOR ECONOMICO in Spanish 19 Oct 94 p 4

[FBIS Translated Text] The platform for the Volonte-Ramos presidential ticket proposes "to improve the salary level of members of the Armed Forces within the current salary context for public administration, but essentially basing itself on the concept of productivity and professional training."

Concerning national defense policy, the Volonte-Ramos platform proposes "taking the measures required to effectively incorporate the Uruguayan Armed Forces, without effecting their own identity, into the new sphere produced by the implementation of the Common Market of the South [Mercosur] and its repercussions at various levels."

The Volonte-Ramos platform also proposes "to improve the Armed Forces profile through a program that will endow them with better material resources and more qualified human resources, with the goal of keeping Armed Forces operations at a level that will meet national and regional requirements." Another proposal is "to streamline the current Military Courts system with the goal of adapting it to current requirements."

The Volonte-Ramos platform also establishes the need to "streamline and enhance the exploitation of Armed Forces production ability, as well as the development of new abilities in various types of operations in order to secure, in the short term, complementary unbudgeted funds."

The platform also proposes "to study, following the Mercosur agreements, the participation of our national industry, with Armed Forces counsel, in regional supplies, jointly enhancing the technological and scientific training of our Armed Forces and our national industry."

New Space Candidate Discusses Campaign Issues

PY2510225194 Madrid EFE in Spanish 2100 GMT 24 Oct 94

[FBIS Translated Text] Montevideo, 24 Oct (EFE)—Rafael Michelini, the youngest presidential candidate in the Uruguayan elections, today emphasized that the government elected next month "should have a substantial ethical base and leave aside political cronyism, so as to demand from the people the sacrifices that our country requires."

During a meeting with foreign journalists at the EFE news agency offices in Montevideo, Michelini stressed: "Currently there is a popular disbelief in the political class, as more often than not words disagree with actions."

The son of Zelmar Michelini, a founder of the leftist coalition Broad Front who was killed in Buenos Aires in 1976, Deputy Rafael Michelini, who will be 36 years of age on 30 October, will run in these elections for the New Space party, a group that describes itself as socialist-democratic-humanist and for which "respect represents an essential value."

According to recent polls 4 percent of Uruguayans would vote for the "New Space" party.

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The 27 November elections promise to be the most bitter among those recently held in Uruguay, because the traditional parties, the ruling National or "Blanco" party and the Colorado Party, which traditionally was the ruling party and is currently the main opposition party, are in a virtual tie.

The two traditional parties have a slight margin over Progressive Encounter, whose main member is the left coalition Broad Front. The Broad Front has the majority in Montevideo, where half of Uruguayans live.

Michelini noted: "The party that wins the elections will be the largest minority in Congress, and will receive our support if it leaves aside political parochialism and cronyism to call on the best."

In Michelini's opinion, "Uruguay requires a transformation in social security, education, and health, a reduction in the number of public servants, and a cut in defense spending, among other things, and to this effect it is necessary to ask a great sacrifice from the population, but we politicians must be first in giving an example."

According to the presidential candidate, "the path that we must tread is not an easy one, but we cannot see another possible path to overcoming the poverty problems effecting 300,000 Uruguayans, representing 10 percent of the population."

Discussing the integration process that Uruguay is pursuing with its neighbors, the Common Market of the South (Mercosur), which involves a customs union with Argentina, Brazil, and Paraguay as of 1 January, Rafael Michelini stressed: "We must not bet on a single sector."

Michelini noted: "It is necessary to promote an industrial transformation, protect agricultural and livestock activities, improve services, and champion bilateral agreements, because Uruguay's economy is weak and depends on its neighbors, an economy that might be strongly effected by ups and downs and international subsidies."

Concerning Uruguay's relations with Spain, Michelini stressed: "They are good, and they will continue to be good."

Michelini emphasized: "It is possible that there were some clouds recently regarding the ETA [Basque Fatherland and Liberty] extradition issue, but the government complied with the court rulings. Some extraditions asked by Spain were approved, and others were not. This represents a clear indication that the government branches in our country are independent."

Concerning the issue of trade, with a growing deficit that has reached $882 million in the past 12 months, Michelini pointed out the necessity of requiring more reciprocity from customers.

Michelini stressed: "Uruguay is currently a very qualified country for stable investments. Our security level is well above that provided by our Mercosur partners. We have good communications and a serious financial system."

Venezuela

Ministers Comment on Funds for Security, Prison System

PA2510172194 Caracas Venezolana de Television Network in Spanish 1600 GMT 24 Oct 94

[Interview with Interior Minister Ramon Escovar Salom by Melissa Soto at the Interior Ministry in Caracas—live]

[FBIS Translated Text] [Escovar] We are pleased to take a recess from the Security Cabinet meeting to report live on Channel Eight that this ongoing meeting, which has not ended yet, is studying the numbers and security programs to be presented to the Chamber of Deputies Finance Committee in Congress to obtain more funding for security matters in 1996.

As the public is well aware, there is great joint concern over the lack of personal security. The problem of lack of personal security is to a large extent due to the scarcity of funds in the police department and the rest of the state's security organizations. They are without funds, broke, almost in complete poverty. It is essential that they be given an infusion of funds. Funds are very limited because the debt service charge, among other things, requires a large part of the budget's capacity. In order to give this issue top priority it is necessary to economize in other areas of the administration. That is what we are doing.

Today the Security Cabinet is analyzing the numbers. But this is not only a matter of funds, it is also a question of programs. The country has the right to know how the money given to the government for security issues is spent. That is why there is a very direct relationship between the funds and the programs. Without efficient programs the funds are meaningless, since they would be wasted if no real, specific, goals were established. Both these areas are being studied. First, the objectives, and second, the resources, so that Congress may make a decision based on them. Definitely, Congress is the one that approves the expenditures.

There is great concern in Venezuela about the lack of security. There is great personal insecurity, and the whole community is concerned about this situation. The government must face this issue. That is what we are doing in this meeting. That is the effort being made by the national government.

[Soto] Minister, in one of the first meetings of the Security Cabinet you said that less than 6 percent of the 1995 budget would be earmarked for security expenses. After this meeting and its conclusions, what will the amount be, what will the percentage be?

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[Escovar] It would be very difficult to say right now what the total amount would be because, as I have just stated, that decision definitely belongs to the Congress. But we hope that it will be twice the present amount. At least. Even so it would not be enough. Given the condition of the state at this moment we cannot force the state to give more that it can. Venezuelans should not forget that the country is going through a tremendous economic and financial crisis. This limits resources and expectations.

[Soto] We thank the interior minister very much. But before we go back to the studio, we would like to talk to Justice Minister Ruben Creixems. Minister Creixems also listed some proposals on the need of resources facing the Justice Ministry, especially resources for a prison strategy.

Mr. Minister, you said the Justice Ministry needed an additional 2.5 billion bolivares over and above the amount budgeted for 1995.

[Creixems] Certainly in this meeting, the different ministries listed their budget shortfalls for next year. We are jointly establishing an order of priorities within each ministry.

Within said priorities, we must emphasize the need to assist the prison system. Today the situation of the prison system, with its terrible overcrowding, will get even more complicated unless the state launches successful security measures. We must work so these security actions do not overburden the prison system, which is already facing difficult situations to overcome.

[Soto] You proposed the sale of some land to obtain additional resources.

[Creixems] Yes, we presented this proposal to Congress and are hopeful that a prison construction fund will be approved. It will be an institution under the Justice Ministry, responsible for building and enlarging Venezuelan prisons. Also, it will receive resources from the sale of valuable properties belonging to the ministry.

Today there are Venezuelan prisons that have been encircled by cities, which makes the value of the land increase, which are being underutilized as prisons. The sale of these properties may generate significant resources for this fund for the national prison construction program.

Roundup of Economic Developments

PA2610010494

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 25 October.

The Deposit Guarantee and Banking Protection Fund, Fogade, has issued thus far public debt bonds for 300 million bolivares, of which 211.6 million bolivares worth of bonds have been sold, according to Fogade President Norys Aguirre. (Caracas REPORTE DE LA ECONOMIA in Spanish 19 Oct 94 p 13)

The government has allocated 34 percent of the 1995 budget to pay the country's public debt according to Guillermo Alvarez Bajares, minister of the Central Information Office, who has said the Council of Ministers has reviewed the report submitted by the Central Budget Office regarding the payment of the debt in 1995. (Caracas Union Radio Network in Spanish 2200 GMT 19 Oct 94)

Deputy Agriculture Minister Gregorio Salcedo has said the artificial coffee shortage is caused by certain industrialists who have been hoarding the bean to sell the product at higher prices. Salcedo has said that five businesses are responsible for the shortage of coffee in the country and that the government will not tolerate this action. (Caracas Union Radio Network in Spanish 2200 GMT 19 Oct 94)

A 21 October, Caracas-datelined item reports that Venezuela exported 13,274 automobiles and passenger buses during the first eight months of 1994 according to a report released today by the Venezuelan Automobile Chamber. A total of 40 percent of total sales were Ford vehicles, while 18 percent were General Motors automobiles. (Mexico City NOTIMEX in Spanish 0940 GMT 21 Oct 94)

The Council of Ministers has approved an initiative to issue treasury notes for 160 billion bolivares to be placed in financial markets within the next 15 days. The goal is to resolve problems of liquidity and to curb the devaluation of the bolivar as well as to encourage investments. (Caracas Union Radio Network in Spanish 2200 GMT 21 Oct 94)

According to a study conducted by the Venezuelan Federation of Associations and Chambers of Commerce and Industry, the inflation rate for the current year will range between 60-70 percent. The report also stated the bolivar was devaluated by 88 percent between December 1993 and July 1994. (Caracas Union Radio Network in Spanish 2200 GMT 23 Oct 94)

The aluminum sector of the Venezuelan Guayana Corporation continues to report losses. A deficit of 41 billion bolivares was reported during the first half of the year. According to certain sources, it seems the government wants these companies to go broke so they can be privatized. (Caracas EL NACIONAL in Spanish 23 Oct 94 p E-2)

According to a 24 October, Caracas-datelined report, Venezuela has initiated a program to export 2.4 million gallons of lubricants to Ecuador through the companies Maraven and Petrocomercial, it was officially reported in Caracas. According to Maraven, sales will bring in approximately $4 million per year. (Paris AFP in Spanish 2047 GMT 24 Oct 94)

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Correction to Ince Plan Suits National Plan, Solidarity Program

wa2510164394

The following corrections pertain to the item headlined "Ince Plan Suits National Plan, Solidarity Program," published in the 20 October Latin America DAILY REPORT, page 57:

Column two, seventh paragraph, first sentence, make read: ...reported that the food subsidy has been paid... (rephrasing)

Same column, same paragraph, same sentence, make read: ...that we are intending to convert the... (rephrasing)

Same column, same paragraph, last sentence, make read: ...as the PAMI [Mother-Child Food Program]. [new paragraph]

Regarding the Congress'... (providing expansion for "PAMI")

Suriname

President Criticizes New Exchange Rate

BR2510141694 Amsterdam DE VOLKSKRANT in Dutch 25 Oct 94 p 8

[Report by Linda Otter: "New Exchange Rate Creates Confusion in Suriname"]

[FBIS Translated Excerpt] In Suriname considerable confusion has arisen around the Central Bank's decision to make a large devaluation in the Surinamese guilder. Companies and organizations have asked the government for clarification. [passage omitted]

On Sunday [23 October] at a Suriname National Party meeting, President Venetiaan strongly criticized the bank's measures. Venetiaan said the freeing of the exchange rate would have major consequences for price development. "Calculations have been made to reduce the budget deficit and stop subsidies and suddenly the exchange rate rises," Venetiaan said. [passage omitted]

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